

RaySearch
Laboratories



RAYSEARCH | 2023 ANNUAL REPORT

CONTENTS

ABOUT RAYSEARCH	1	Consolidated statement of changes in equity	47
CEO COMMENTS	2	Consolidated statement of cash flows	48
THE YEAR IN BRIEF	4	PARENT COMPANY	
TARGETS AND STRATEGIES	6	Income statement	49
MARKET 2023	8	Balance sheet	50
THE HISTORY OF RAYSEARCH	11	Statement of changes in equity	50
RAYSEARCH AROUND THE WORLD	14	Cash flow statement	51
INDUSTRIAL PARTNERS	16	NOTES	52
PRODUCTS	17	AUDITOR'S REPORT	77
SUSTAINABILITY REPORT	22	CORPORATE GOVERNANCE REPORT	80
Auditor's opinion on the statutory sustainability statement	32	Auditor's opinion on the Corporate Governance Statement ..	83
ADMINISTRATION REPORT	33	Board and auditors	84
Risks and risk management	40	Senior management	86
Multi-year overview	43	OTHER INFORMATION	
FINANCIAL STATEMENTS		Shares and ownership	90
GROUP		Multi-year overview – key figures	93
Consolidated statement of comprehensive income	44	Definitions of key figures	94
Consolidated statement of financial position	45	Financial calendar	96

2023 IN NUMBERS

988

RayStation centers
in 43 countries

24

RayCare partners
in 9 countries

60

approved patents
around the world

388

RaySearch
employees in
December 2023

13

RaySearch offices
around the world

35

nationalities
among RaySearch
staff

193

employees in
research and/or
development

ABOUT RAYSEARCH

RaySearch Laboratories AB [publ] is a medical technology company that develops innovative software solutions for improved cancer treatment. The company develops and markets the RayStation* treatment planning system and RayCare* oncology information system to clinics all over the world and distributes products through licensing agreements with leading medical technology companies. The company is also developing RayIntelligence, a cloud-based oncology analytics system, and RayCommand*, a new treatment control system. RaySearch's software has now been sold to 988 clinics in 43 countries. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed on Nasdaq Stockholm since 2003. More information about RaySearch is available at raysearchlabs.com.

* Subject to regulatory clearance in some markets.

VISION AND MISSION

The company's vision is a world where cancer is conquered and RaySearch's mission is to provide innovative software to continuously improve cancer treatment.

KEY FIGURES

SEK 000s	2023	2022	2021	2020	2019
Net sales	1,022,159	843,648	641,673	651,612	741,584
Operating loss/profit	114,880	42,744	-53,341	-3,466	68,169
Operating margin, %	11.2	5.1	-8.3	-0.5	9.2
Profit/loss for the period	81,572	23,778	-47,315	-9,080	50,411
Earnings/loss per share before/after dilution, SEK	2.38	0.69	-1.38	-0.26	1.47
Cash flow from operating activities	455,931	320,657	238,162	331,508	320,145
Cash flow for the period	190,251	46,784	-71,703	61,890	-3,385
Return on equity, %	11.7	3.7	-7.3	-1.3	7.4
Equity/assets ratio, %, at the end of the period	37.7	35.0	36.0	54.0	55.6
Share price at the end of the period, SEK	90.3	68.0	56.5	82.7	107.2

CEO COMMENTS

JOHAN LÖF, CEO AND FOUNDER

It is gratifying to note that 2023 was a year of continued growth, innovation and deeper partnerships, which strengthened our position as a leader in radiation therapy. During the year, sales exceeded SEK 1 billion, the highest annual sales in the company's history. With a strong year behind us, RaySearch is well equipped to take the next step in our development.

During the year, we signed a number of long-term agreements with both new and existing customers. One of the most significant was the deeper collaboration with MedAustron, our long-standing partner in Austria. MedAustron has been a pioneer in using RaySearch's technology to treat patients while also contributing to the development of RayWorld – an integrated solution that combines RayStation, RayCare and RayCommand to enable efficient and tailored radiation therapy.

At the end of September, we received a significant order from another close and important business partner, IBA. This order includes both RayStation and RayCare for installation at the prestigious CRO National Cancer Institute in Aviano in Italy. The agreement strengthens our position as the leading partner in proton therapy in Europe. The integration of RayStation and RayCare, combined with IBA's proton therapy machine, provides a seamless and integrated solution for CRO Aviano. We are looking forward to following the center as they plan for the treatment of their first patients at the end of 2024.

In October, the world's first proton therapy center, Mass General Cancer Center in the US, decided to transition to RayStation as its treatment planning system for proton therapy. Mass General is one of RaySearch's most prominent business partners. In 2011, it was the first clinic in the world to treat a patient using RayStation, and we have benefited greatly from the various collaboration projects we have undertaken together over the years. After more than ten years of partnership, which was previously confined to photon therapy, we are now entering a new phase. This transition will bring considerable efficiency enhancements for Mass General, since all treatment planning for external radiation therapy will now be done on a single platform.

CONTINUED HIGH POTENTIAL IN ASIA-PACIFIC

During the year, we also signed several important agreements in the Asia-Pacific region, including the order from the Chinese radiation therapy machine manufacturer Shinva. We have been delivering the RayStation system to Shinva for many years, which Shinva has then sold together with its radiation therapy machines in China. The new order for 15 RayPlan systems will be sold in the same manner. The Chinese market has huge potential, since China is a long way behind western Europe and North America when it comes to the number of treatment machines per inhabitant, and I look forward to continuing this rewarding collaboration with Shinva.

The pioneering Australian Bragg Centre for Proton Therapy and Research is under development and will be Australia's first proton therapy center when it opens, and a first for the Southern Hemisphere. This exciting center has chosen RayCare as its oncology information system and is also planning to purchase RayStation.

RAYSTATION IN MORE THAN 1,000 RADIATION THERAPY CENTERS WORLDWIDE

One significant milestone during the year is that more than 1,000 cancer centers worldwide have now chosen RayStation. Since the first version of RayStation was launched in 2009, we have continuously invested considerable resources to develop the most advanced treatment planning system in the world. Now that more than 1,000 clinics in 43 countries have purchased the system, we can definitely say that our efforts have paid off.

Moreover, it is gratifying to note that ten of the top 15 oncology hospitals in the world, according to a ranking by Newsweek, are now our customers. This further confirms RaySearch's leading position in high-quality cancer treatment. The fact that our technology is so well-received by the most prestigious cancer hospitals globally also shows that we are well equipped to continue increasing our total market share.

PRODUCT PORTFOLIO BROADENED

In early 2024, we acquired Uppsala company Pharmacolog's first product, DrugLog. DrugLog is a solution for quality assurance of chemotherapy. Since the start, RaySearch has been focused on software for radiation therapy. The long-term vision, however, is to provide software support for all types of cancer treatments, including chemotherapy and surgery. As a first step, we are planning to launch a solution for chemotherapy in 2026 comprising treatment planning in RayStation, workflows in RayCare and quality assurance using DrugLog.

COLLABORATION UNITES GROWTH AND VISION

In 2023, we achieved historically high annual sales when we surpassed SEK 1 billion. And I expect the momentum we saw throughout the entire year to continue, with good prospects for continued growth in the coming year. Unfortunately, the mystery of cancer is far from being solved and the need for efficient cancer care will therefore continue to grow. Our products are leading edge and meet requirements for digitization, automation and cybersecurity.

We also believe in collaboration in the battle against cancer. RaySearch was therefore one of the initiators of the unique UniteRT group, which was formed during the spring. UniteRT is a collaboration of leading radiation therapy vendors that prioritize patient needs by promoting best-in-class, interoperable solutions at every phase of care. By being part of this network, we are increasing the chances of succeeding with our joint mission – to continue the advancement of cancer care to save lives and improve quality of life for cancer patients.

Finally, I would like to thank all our employees for the past year. The drive and innovative spirit that exist in the company also play a very important role in our ability to realize our vision.

Stockholm, April 2024

Johan Löf
Founder and CEO



THE YEAR IN BRIEF

During the year, agreements were signed with a large number of new and significant customers. At the same time, the positive sales trend continued and sales exceeded SEK 1 billion, the highest figure in RaySearch's history.

Q1

SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- RayStation was sold to University Hospitals Seidman Cancer Center, Yangzhou Hospital and the Ohio State University Comprehensive Cancer Center – the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, which is the third largest cancer hospital in the US.
- RayStation is now available in more than 200 clinics in Japan.

Q2

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- RayStation replaced the old treatment planning system at New York University Langone Hospital.
- RaySearch signed an agreement for a large order with Shinva, whereby the Chinese radiation therapy machine manufacturer placed an order for 15 RayPlan systems.
- RayCare was sold to the Australian Bragg Centre for Proton Therapy and Research.
- RayCare can connect to Varian TrueBeam linear accelerators. The interoperability agreement was signed with Varian Medical Systems in 2020 and the agreement was certified on May 24, 2023 following extensive joint development and testing.
- RaySearch extended its strategic collaboration with BEBIG Medical through a new agreement to collaborate on the development of more comprehensive solutions to achieve more effective treatments and better outcomes.
- RaySearch signed a collaboration agreement with B dot Medical for the development of advanced software solutions for proton therapy.
- RayStation and RayCare were taken into clinical use at Yonsei Cancer Center in South Korea. The first patient was treated successfully on April 28, 2023.
- More than 100 clinics worldwide have chosen RayStation for ion radiation therapy.

Q3

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- RayStation was sold to Taichung Veterans General Hospital and Southwest Florida Proton.
- Micro-RayStation was sold to the University Medical Center Groningen, one of the largest hospitals in the Netherlands for preclinical research.
- RayStation and RayCare were sold for installation at CRO National Cancer Institute in Italy.
- RaySearch signed a new research agreement with EBG MedAustron GmbH.
- A new version of RayStation (2023B) was launched, containing two innovative features in particle therapy in the form of support for discrete proton arcs and robust optimization based on linear energy transfer. RayStation 2023B also has advanced adaptive re-planning and improved workflows for dose tracking.
- New version of RayCare (2023B) was launched. RayCare 2023B features deeper integration between RaySearch's products, supporting more automated data transfer and a more cohesive user experience throughout the radiotherapy flow. Other feature updates include enhanced treatment schedules, support for more data migration as well as feature and usability updates to the patient chart and task management.
- RayCare was taken into clinical use with CyberKnife at Lausanne University Hospital in Switzerland. The first treatment was successfully carried out on July 9.

Q4

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- RayStation was sold to the Paul Scherrer Institute, Baptist Health Lexington and Oregon Health & Science University, and extended to also cover proton treatment planning at Mass General Center.
- New version of RayStation was launched (2024A). The updated version improves flexibility when making combined treatment plans for a patient by offering the possibility to select fixation and support devices per plan and sub-plan. Enhanced multi-modality treatment also enables users to define clinical planning goals for both the combined plan and the constituent sub-plans, and evaluate correspondingly.
- RaySearch deepened its collaboration with P-Cure to streamline the workflow in P-Cure's proton therapy system through integration with RayStation and RayCare.
- RaySearch and Mevion decided to continue their joint undertaking to develop new proton therapy solutions in support of current and emerging technologies.
- Vejle Hospital in Denmark became the first center in the world to use RayStation for an online adaptive treatment with augmented CBCT. The improved workflow is enabled by the adaptive replanning capabilities of RayStation and significantly saves time for the patient. The first patient was successfully treated on November 10.

VISION

A world where cancer is conquered.

MISSION

To provide innovative software to continuously improve cancer treatment that improves quality of life for patients and saves lives.

TARGETS

- » To reduce premature mortality from cancer by one-third by 2030.
- » To strengthen our position in the radiation therapy market and thereby give more cancer centers access to more effective radiation therapy.

BUSINESS MODEL

RaySearch's main revenue is generated by customers paying an initial license fee for the right to use the company's software and an annual service fee for access to updates and support. The company's software is developed at RaySearch's head office in Stockholm, and distributed and sold by the company's global marketing organization.

OVERALL STRATEGY

A radiation therapy clinic essentially needs two software platforms for its operations: one information system, and one treatment planning system. With RayStation and RayCare, RaySearch will further strengthen its position and continue to grow with high profitability. The strategy is based on a strong focus on innovative software development with leading functionality, support for streamlined workflows – including via digitization and automation with machine learning – broad support for a wide range of treatment modes and types of radiation therapy machines, close collaboration with world-leading cancer centers and industrial partners, and extensive investment in research and development.

STRATEGIES

INNOVATIVE SOFTWARE DEVELOPMENT

Extensive investment in R&D with a strong focus on leading functionality, streamlined workflows and broad-based support for many different treatment techniques and radiation therapy machines. During the 2019–2023 period, average investment in R&D was 34 percent of net sales annually.

STRATEGIC PARTNERSHIPS

Close collaboration with world-leading cancer clinics, research institutes and medical device suppliers.

ATTRACTIVE EMPLOYER

Attract committed and talented employees by maintaining a culture characterized by innovative thinking, and guided by social sustainability and high business ethics.

MARKET 2023

Radiation therapy is the treatment mode that has increased most since the turn of the century, compared with the two other major cancer treatment methods – surgery and chemotherapy. More than half of all cancer patients now require radiation **therapy**.



The need for efficient cancer care continues to grow. The global cancer burden is projected to increase by roughly 60 percent over the next 20 years. A major international study has also shown that cancer is now on the rise among younger people. Between 1990 and 2019, the number of new cancer cases among people under 50 increased by 79 **percent**.

In 2023, after the pandemic years and the relatively sluggish recovery in 2022, RaySearch noted a renewed willingness to invest among cancer centers worldwide, resulting in a positive trend with favorable growth. Business and working methods have now returned to pre-pandemic levels.

Interest in proton therapy is growing. Despite the high costs of proton therapy centers, investment is growing sharply in many countries and new centers are under construction. Roughly 2 percent of all cancer patients are now treated with protons, while about 20 percent would benefit from this type of treatment.

RAYSEARCH'S GROWTH CURVE CONTINUES TO RISE

There are now more than 8,400 radiation therapy centers worldwide. In roughly 1,000 of these centers – across 43 countries, including all major markets – RayStation and the system are currently [February 2024] established as one of the leading and most advanced treatment planning systems. In 2023, RayStation was sold to 98 new clinics.

RayStation supports more types of radiation therapy machines and treatment techniques than any competing treatment planning system. This creates major synergies for clinics with a mixed machine park, which are mainly large clinics, and also the type of clinic where RaySearch's position is strong. At the same time, the product portfolio and functionality offered by the products are well aligned with the needs of most of the world's cancer centers.

The release of RayStation 2024A further strengthened RayStation's position. One of the most significant improvements in the new version,

which was released in December 2023, is the enhanced capability of multi-modality treatments which increases the ability of cancer centers to tailor optimal treatment for each cancer patient.

A noticeable trend in 2023 was the growing interest among many clinics in introducing adaptive treatment in clinical processes. Adaptive treatments are individually optimized for each patient, taking anatomical differences into account, and the treatment plan can then be re-optimized. This way of working places high demands on efficient software support. RayStation has provided support for this for many years and actively pursued the development of this treatment method.

The improved functionality in RayCare combined with Varian's certification of the interoperability between RayCare and TrueBeam led to growing interest in RayCare during the year. The updates in RayCare 2023B include treatment schedules, support for data migration and feature updates to the patient chart and task management.

Newsweek's ranking of the top 15 cancer centers worldwide provided independent confirmation of RaySearch's position as a leader in high-quality cancer **care**. Ten of these prominent clinics also use RaySearch's products. This also indicates that RaySearch should be able to continue increasing its market share moving forward.

The first version of the RayIntel system was released at the end of 2020. In 2023, the development of RayIntelligence continued with a focus on improved integration with RayStation and enhanced functionality. In 2024, the product will be integrated with RayCare and new user cases will be implemented.

Sales of the RayCommand treatment control system are mainly focused on various machine manufacturers. Previously, each of these manufacturers had to develop their own control system, with basically the same functions. RayCommand enables a more uniform environment for the user, regardless of therapy machine. This also makes it easier for new manufacturers to enter the market, because they do not need to develop their own treatment control system.

NEW UNITERT NETWORK EXPANDING

Unitert was formed at ESTRO in spring 2023. The aim of the network – a collaboration of leading radiation therapy technology vendors – is to prioritize patient needs by promoting best-in-class, interoperable RT solutions, regardless of brand, at every phase of care. To make this possible,



the industry needs to change so that a new and more open climate is created – based on the principles of open competition, open interfaces and open communication – enabling clinics to choose the best radiation therapy solution for each patient. The collaboration has continued to grow and now consists of 24 members. Companies and clinics have expressed great interest when the purpose of the network has been communicated at trade fairs and in other contexts.

AMERICAS MARKET

The US and Canadian markets comprise more than 2,600 radiation therapy centers, of which roughly 300 (February 2024) use RayStation. RaySearch's market share is highest in proton therapy, with 40 of 59 clinics in the US and Canada now using RayStation. Both the US and Canada are stable and mature markets and mainly driven by two factors – the fact that the Philips treatment planning system is currently being phased out and replaced by more modern systems, and the rapid development of emerging technologies, such as online adaptive radiation therapy and AI.

One of the most recent customers, and the one-hundredth center in the world to buy RayStation for treatment planning for ion radiation therapy, is Moffitt Cancer Center in Tampa in Florida. Other prominent clinics in the US that also chose RayStation during the year were NYU Langone

Hospital – Long Island, Southwest Florida Proton, Froedtert Health System, Baptist Health Lexington and Oregon Health & Science University. Mass General Cancer Center also placed an order and thereby extended its use of RayStation to treatment planning for proton therapy.

Sales have started in South America. During the year, the National Cancer Institute in Colombia placed a large order for RayStation and new distributor agreements were signed in Brazil and Mexico. Argentina is another South American country that RaySearch will focus on in 2024, since regulators have announced the opening of a proton therapy center in the country.

RaySearch primarily sells products through its own subsidiary, RaySearch Americas Inc. There are two offices in the region, one in New York and one in California, with about 40 employees in total.

EUROPEAN/AFRICAN MARKET

The European market comprises just over 1,300 radiation therapy centers, of which roughly 280 (February 2024) use RayStation. RayStation is a well-established product with significant market share in Belgium, France, the Netherlands, the UK and Germany in particular. Since relatively few new radiation therapy centers are being built in Europe, the market is mainly driven by the need that centers see for upgrades or to replace their existing systems. Sales are largely characterized by public tender processes, where requirements are often focused on system functionality. Many clinics particularly appreciate RayStation's most advanced features for improved planning quality and a higher degree of automation, which frees up time for the most complex cases.

During the year, sales increased satisfactorily across the region, mainly driven by major success in France. Cancer care in France is generally highly advanced and extremely thorough evaluations of the technical capabilities of the various systems are carried out, which is one of the reasons for the strong growth. RaySearch has also been building up a strong local support business for a long time, which is considered crucial for success in the French market.

Sales also increased in Germany and there is still major potential here – RayStation is used in about 45 of Germany's 300 radiation therapy centers in total.

One milestone during the year was an extension of the strategic partnership with MedAustron, the prominent Austrian center for ion beam therapy, through a new research agreement. RaySearch will continue to support MedAustron's ambitions, both in Austria and its international expansion plans.

In collaboration with its business partner IBA, RaySearch participated in a public tender process for proton therapy in Italy. Following a comprehensive evaluation process, RaySearch and IBA's solution was selected and IBA, which is the system integrator, placed an order for RayStation and RayCare for installation at the CRO National Cancer Institute in Aviano. The total order value is EUR 1.7 M (approximately SEK 19 M), excluding service contracts. The center expects to start treating patients by the end of 2024.

RayStation RayIntelligence
RayCare Machine Learning

**Efficiency,
speed,
and
accuracy
are just
the
beginning**

**IT'S
PERSONAL**

**ADVANCING
CANCER
TREATMENT**

RaySearch
Laboratories

In addition, the world-renowned Paul Scherrer Institute in Switzerland placed an order for RayStation, and the University Medical Center Groningen in the Netherlands placed an order for Micro-RayStation for preclinical research.

RayCare was taken into clinical use at the reputable clinics of Lausanne University Hospital in Switzerland and the European Institute of Oncology (IEO) in Milan, Italy.

ASIAN MARKET

The Asian radiation therapy market continued to grow at a rapid pace during the year. The region is characterized by major differences between countries in regard to the total number of radiation therapy machines, with Japan, China and India as the largest markets. The variation between countries is also large in terms of the number of radiation therapy machines per million inhabitants. While Japan and Australia are on par with western Europe and North America, with more than five treatment machines per million inhabitants, China and India have less than one machine per million inhabitants.

In early 2023, a milestone was achieved in Japan when the number of radiation therapy centers in the country that use RayStation for treatment planning passed the 200 mark. During the year, an additional 15 (February 2024) clinics were added. Based on the number of clinics, Japan is RaySearch's largest market by far in Asia and the company's second-largest overall. The main reason is RaySearch's very well-functioning partnership with Hitachi, which distributes RayStation in Japan.

Yonsei Cancer Center in South Korea treated the first patient using both RayStation and RayCare for carbon ion therapy. Carbon ion therapy is an advanced type of radiation therapy that is more effective on tumors that are resistant to conventional methods.

The Chinese radiation therapy machine manufacturer, Shinva, placed a large order for 15 RayPlan systems. This indicates the major potential in China.

The Australian Bragg Centre for Proton Therapy and Research (ABCPT) placed an order for RayCare. The ABCPT is Australia's first proton therapy center and the first of its kind in the southern hemisphere. The center is also RaySearch's first customer in Oceania to order RayCare. The ABCPT is also planning to buy RayStation at a later date.

RayStation was sold to Taichung Veterans General Hospital in Taiwan and the order from SHI Industrial Equipment includes licenses for both proton and photon therapy.

CGN Medical Technologies placed an order for RayStation, which CGN has sold together with IBA's proton therapy system to Yangzhou Hospital in China. This was RaySearch's first order from CGN.

RAYSEARCH'S COMPETITORS

Since launching its proprietary treatment planning system in 2012, RaySearch has been working actively to convince clinics about the importance of making their own decisions about software and radiation therapy machines. This strategy has often been successful, especially in clinics with advanced treatments, or clinics in need of streamlining. However, it is still relatively common that customers opt for a total solution, where machines and software are sold as a package. Furthermore, when it comes to package solutions, companies like Varian and Elekta sometimes offer very low prices for software components which, despite superior functionality in some cases, can make it difficult for RaySearch to compete.

The climate for treatment planning is relatively open, which enables RaySearch to develop support for new machines and upgrades. Due to advanced and relatively high development capacity, RaySearch has often been both faster and more successful than the actual machine manufacturers in utilizing the flexibility of the machines and therefore been able to offer better and more advanced treatments. However, some machine manufacturers have attempted to lock in new machines so they are only compatible with their own software.

For oncology information, however, an interoperability agreement and formal collaboration with a machine manufacturer is required in order for RayCare to support various machines. As previously communicated, RaySearch has signed such an agreement with Varian and various other machine manufacturers but this is a complex and often protracted process that both inhibits competition and limits opportunities for innovation and the development of more effective treatment methods.

UniteRT, as mentioned above, is RaySearch's attempt to change the mindset of players in the industry and create a more open climate. The reception from clinics has been very positive and many believe that this is a necessary step to ensure that progress in cancer care can continue.

THE HISTORY OF RAYSEARCH

Johan Löf founded RaySearch in 2000 as a spin-off from Karolinska Institutet, with a vision that was equally as clear as ambitious: to redefine cancer care using innovative software solutions to streamline radiation therapy for cancer.



My story began in 1986 when I lost my mother to lung cancer. Fueled by the vision of a world where cancer is conquered, I made it my personal mission to do everything within my power and ability to see this vision become a reality.



FOUNDED ON A CLEAR VISION

Under Johan Löf's leadership, the team at RaySearch developed the innovative product ORBIT – a revolutionary optimization code for radiation therapy. ORBIT (Optimization of Radiation therapy Beams by Iterative Techniques) began as a research project at Karolinska Institutet and was initially developed there for several years. In addition to Johan Löf, the research team also included Anders Brahme, Bengt K Lind and Anders Liander.

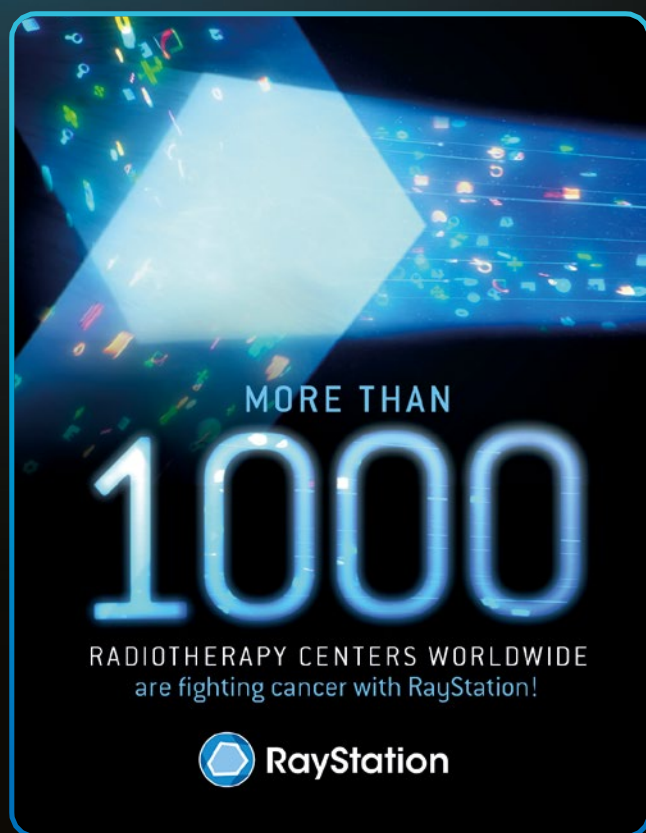
AN INITIAL PARTNERSHIP LED TO SUCCESS

While working on the development of ORBIT, a research collaboration was concluded with a US company in Madison, Wisconsin. This company, ADAC Laboratories, which would later be acquired by Philips, had developed a state-of-the-art treatment planning system called Pinnacle. However, Pinnacle was unable to produce intensity-modulated radiation therapy (IMRT) using optimization, which was a key feature of ORBIT. Intensity modulation involves the creation of treatment beams with varying interface in order to shape the radiation beams to fit the area of cancer in the patient, enabling the tumor to be treated without damaging the surrounding organs to the same extent as earlier methods, which also reduces adverse effects and complications.

In 2000, a number of events occurred that would soon lead to the start of RaySearch: (1) the US healthcare system introduced higher reimbursement levels for IMRT, which increased demand for the treatment mode, (2) Johan Löf completed ORBIT and received a PhD from Karolinska Institutet, and (3) Johan Löf participated (and was ranked third) in the Venture Cup competition with an idea to create a company based on further development of ORBIT. RaySearch Laboratories AB was founded in the same year and signed a commercial agreement with ADAC Laboratories to integrate ORBIT's IMRT optimization functionality with Pinnacle.

In connection with the establishment of RaySearch, risk capital of SEK 6 M was raised to finance the initial development of the integration with Pinnacle. In 2001, RaySearch released the first version rayOptimizer, an upgrade of ORBIT to comply with the quality requirements for medical devices, integrated with Pinnacle. By that time, many Pinnacle customers were queuing for access to IMRT and sales of rayOptimizer received a kick start. As a result, RaySearch was immediately profitable and has remained so ever since, except for during the pandemic that would come two decades later.

Admission to trading on the Stockholm Exchange's O list in November 2003 marked the beginning of a new era for RaySearch. The aim of the IPO was to accelerate the company's development, with a vision to become a world leader in advanced treatment planning for radiation therapy. Admission to



trading on the O list was also a stamp of approval, which strengthened the company's brand and facilitated opportunities to grow.

RAYSTATION INTRODUCED

RaySearch entered into research partnerships with prominent institutions all over the world, while also adding more industrial partners with the same model as Philips, which involved integrating various aspects of advanced optimization methods with the existing treatment planning systems of partner companies. Around 2008, however, the outlook for the business model looked bleak. RaySearch had several new innovations ready for release, such as multi-criteria optimization and adaptive planning methods, but partner companies could not, or did not want to, proceed at a sufficiently high pace. RaySearch therefore decided to start developing RayStation, a proprietary treatment planning system (TPS), using all of the components that had already been developed.

In 2009, RaySearch received its first RayStation customer, West-deutsches Protonentherapiezentrum in Essen, Germany, and in 2011, a first patient was treated with RayStation at Massachusetts General Hospital in Boston, in the US. In the years that followed, the number of RayStation customers grew exponentially and from about 2015, around 100 new clinics were added to the growing installation base every year, and customer loyalty was virtually absolute. A symbolic milestone was

recently achieved when RayStation had been sold to more than 1,000 clinics worldwide.

RAYSEARCH IS GROWING AND LOOKING AHEAD


As it achieved success with RayStation, RaySearch evolved into a global company with an organization for selling, installing, maintaining and supporting RayStation. The departments for research, development and later machine learning also grew as more advanced features were added to RayStation, and RaySearch became an established world leader in treatment planning for radiation therapy.

The key concept of Johan Löf's dissertation, and an equally key component of the vision of a world where cancer is conquered, is adaptive therapy methods. Even today, nearly all radiation treatment planning is based on a three dimensional image of the patient taken several days before the treatment begins. The same plan is then used to treat the patient for several weeks. A major problem with this approach is that the patient's anatomy varies from day to day due to, for example, digestion, weight loss, swelling and changes in the tumor. This is managed today by treating an area that is larger than the actual tumor to ensure that the tumor receives a sufficiently high dose despite anatomical changes. The downside is that surrounding organs and healthy tissue are also exposed to high doses. The solution is to continually adjust the treatment to account for changes taking place in the patient's body, known as adaptive radiation therapy. While support for making the necessary computations for this method of treatment was added to RayStation at an early stage, RaySearch soon realized that the introduction of large-scale adaptive radiation therapy in clinics would not be possible due to the limitations of other systems. These systems were primarily designed for treatment where the dosage of radiation is not adjusted during the therapy, and even if it was possible to introduce new and adaptive treatment planning in theory, it was too labor intensive and cumbersome to administer in practice.

RAYCARE INTRODUCED

To handle adaptive radiation therapy, hospitals' oncology information systems (OISs) needed to change. In 2012, RaySearch began preparing for the development of its own OIS, RayCare, with this very focus. It turned out that existing OISs also had (and have) many other shortcomings in terms of automation, efficiency, data collection and usability. In 2015, the development of RayCare gathered momentum and the first version was released in early 2018. Later that year, it was taken into clinical use at Provision CARES Proton Therapy in Franklin, Tennessee, in the US.

Growth in new customers was slower for RayCare than for RayStation. One reason was that RayCare needs to be integrated with the clinic's other treatment machines. RaySearch has entered into partnerships with many manufacturers and developed such integrations, with two exceptions: Varian and Elekta. The reason for this is that Varian and Elekta offer the two other OISs that are available on the market – Aria and Mosaic – and are also the two largest manufacturers of treatment machines. In 2020, RaySearch entered into an interoperability agreement with Varian with the objective of



allowing RayCare to connect to Varian's most popular machine, TrueBeam. In 2023, after several delays to the schedule, Varian certified that RayCare is interoperable with TrueBeam. However, due to the rapid development of RayCare, the certified version of RayCare was already obsolete and efforts are now under way to certify the version of RayCare that is scheduled for release in spring 2024. To date, Elekta has been unwilling to enter into any collaboration for interoperability with RayCare. Nonetheless, the customer base for RayCare is growing at a steady pace, and the modernized integration with Varian's TrueBeam will drastically increase the addressable market for RayCare.

PROFITS RE-INVESTED

RaySearch has been profitable since 2001 – initially through sales via partners, but as of 2010, through revenue from sales of licenses and services for RayStation. This has financed all R&D for RayStation and later RayCare. To date, several billion SEK has been invested in these software platforms. From the initial SEK 6 M investment in RaySearch Laboratories AB by Affärsstrategerna based on the innovative ORBIT optimization code, RaySearch has now evolved into a world-leading software company in advanced treatment planning for radiation therapy valued at SEK 4 billion. This successful business journey has been possible through a combination of strong drive, innovative spirit, strategic partnerships and a smart business model.

PASSION, TECHNOLOGY AND PATIENT FOCUS

Through the company's vision and the passion for making a difference shared by Johan Löf and the employees, RaySearch is now a leading company in cancer care and radiation therapy technology. With a focus on patient-centered care, and close and long-lasting collaborations with cancer centers and other industry players, solutions are developed that advance cancer treatment and care. RaySearch strives to be a holistic resource for cancer care by offering leading-edge technology solutions as well as expertise, support and training. Cancer care can only be reshaped, and new solutions developed and adapted, by understanding the real needs of cancer patients. This is RaySearch's contribution to the fight against cancer and the vision of a world where cancer is conquered.

RAYSEARCH AROUND THE WORLD

Cancer centers all over the world use RaySearch's software. To always be able to offer local service in local languages, RaySearch has formed a global organization with offices and distributors in three regions – Americas, Europe/ Africa and Asia-Pacific & Middle East.

All figures on this spread are from February 2024.

AMERICAS

RAYSTATION
315

RAYCARE
2

RAYSTATION CLINICS
43 countries in total

1,009

RAYCOMMAND
CLINICS

2

RAYCARE CLINICS
9 countries in total

25

RAYINTELLIGENCE
CLINICS

1

EUROPE/AFRICA

RAYSTATION
279

RAYCARE
20

- RAYSEARCH CLINICS [1,009]
- RAYSEARCH OFFICES [13]
- RAYSEARCH DISTRIBUTORS [17]

ASIA

RAYSTATION
415

RAYCARE
3

INDUSTRIAL PARTNERS

Modern cancer care is based on a complex interplay between various advanced technological systems. As an independent software vendor, it is only natural for RaySearch to collaborate with all industrial players whose systems are integrated with RaySearch's systems. In addition to collaborations around the development of new treatment techniques and better system integrations, sales and customer support can also be facilitated by good partner relationships.

TREATMENT MACHINE MANUFACTURERS

ACCURAY (US) and RaySearch have a long-term collaboration agreement to advance and market fully integrated solutions that combine RayStation and RayCare with the Radixact® and CyberKnife® radiation therapy systems. Since July 2023, when Lausanne University Hospital (CHUV) in Switzerland began treating patients with RayCare and CyberKnife, all product combinations have been used clinically. Additional features such as online adaptive radiation therapy are under development.

BEBIG (Germany) is a leading European supplier of products for brachytherapy, a type of radiation therapy in which small radioactive implants are placed in or near the tumor. In 2023, the collaboration in brachytherapy was deepened and expanded to also include further integration with Shinva linear accelerators, which BEBIG distributes globally.

VARIAN (US) and RaySearch have previously signed an interoperability agreement allowing connection between RayCare and Varian's TrueBeam® linear accelerator, which would significantly increase the market potential of RayCare. In May 2023, Varian certified that RayCare is interoperable with all linear accelerators in Varian's TrueBeam family: TrueBeam, TrueBeam STx, Edge and VitalBeam. TrueBeam is Varian's most popular treatment machine and has been installed in thousands of radiation therapy centers all over the world since it was launched in 2010.

IBA (BELGIUM), a world leader in proton therapy solutions, entered into a long-term strategic collaboration with RaySearch in 2016. RaySearch has since adapted RayStation and RayCare to IBA's products in order to offer a comprehensive hardware and software solution. IBA and RaySearch have been very successful together and about half of all RaySearch's proton customers have IBA as their machine manufacturer. The collaboration also includes development of new techniques such as FLASH, proton arc therapy and online adaptive radiation therapy.

MEVION MEDICAL SYSTEMS (US) is a leading manufacturer of compact proton therapy systems and has been collaborating with RaySearch since 2014. RayStation supports IMPT planning for Mevion's HYPERSCAN system and as part of their ongoing collaboration, RaySearch and Mevion will also explore advanced treatment planning techniques for proton arc therapies and FLASH.

TOSHIBA (JAPAN) makes machines for heavy ion therapy. This is one of the most advanced treatment techniques available. In May 2023, Yonsei Cancer Center in South Korea treated its first patient using RayStation and RayCare for carbon ion therapy. It was also the first time that the integration between RayCare and Toshiba's treatment machine had been used clinically.

IMAGING SYSTEM MANUFACTURERS

GE HEALTHCARE (US) is one of the world's largest medical technology companies and builds imaging systems such as CT, MR and PET for cancer diagnosis and treatment. RaySearch has been collaborating with GE Healthcare since 2022. The partnership includes integration of the two companies' systems, which could help to streamline workflows and lead to new applications. Some of the results from the collaboration are planned for release in 2024.

UNITERT

During the spring of 2023, RaySearch together with Accuray and GE Healthcare formed the organization UniteRT. The purpose with UniteRT is to bring players within the radiation therapy business together and work for better and more balanced market conditions. UniteRT is based on three principles: open interface, open competition and open communication. At the end of 2023 a total of 24 companies were included in UniteRT. For more information, please refer to unitert.org.

PRODUCTS

Cancer radiation therapy is a highly complex treatment modality. RaySearch offers innovative software solutions to improve efficiency and treatment outcomes for cancer care through four products: the RayStation treatment planning system, the RayCare oncology information system, the RayIntelligence analytics system and the RayCommand treatment control system. RayStation was the company's first product and continues to dominate in terms of sales.



RayStation

Comprehensive cancer
treatment planning



RayCare

The next generation oncology
information system



RayCommand

A unified treatment
control system



RayIntelligence

Advancing cancer treatment
through machine learning



RayStation is an advanced treatment planning system for radiation therapy and is established in all major markets worldwide. RayStation has a customer base of just over 1,000 clinics in 43 countries (February 2024). In 2023, RayStation was sold to 98 new cancer centers.

In simple terms, a treatment planning system creates a model of the treatment machine and how the radiation is created, and a model of the patient based on magnetic resonance imaging and computed tomography. These two models are then combined using an optimization algorithm to generate a treatment plan to administer the optimal tumor dose, while avoiding exposure to other organs and tissue as far as possible.

RayStation's main competitors are the treatment planning systems offered by manufacturers of radiation therapy machines such as Varian (Eclipse) and Elekta (Monaco). Compared with these systems, RayStation has several key advantages.

One obvious advantage is that the computation speed is higher. The difference is so significant for some computations that the computation time is measured in seconds in RayStation and in minutes in other systems. The significantly shorter waiting time between each step makes it easier for the user to test different variants and thereby create a better treatment plan.

RayStation's optimization algorithm is market leading because, for example, it allows for the continuous exploration of possible treatment options in real time, which facilitates treatment planning and streamlines the workflow. RayStation supports more types of radiation therapy machines and treatment techniques than any other treatment planning system. This means that even cancer centers with machines from a range of manufacturers can still do all of their treatment planning on a single platform. This ensures maximum utilization of the equipment and extends the life of the treatment machines.

RayStation continued to develop in 2023 and two new versions were released, RayStation 2023B and RayStation 2024A. The latest version brings several enhancements to important clinical workflows, including the ability to select fixation and support devices per plan and sub-plan. This adds improved flexibility when making combined treatment plans for a patient, for example photon-proton treatments where different treatment couches are used. This also means that all of the couches and support devices that are required for a patient's treatment are now modeled to make it easy to select the devices to be included per plan.

RayStation 2024A has also streamlined the workflow for adaptive treatment planning, which increases the possibility of making accurate dose calculations.

Other improvements include adjustments to facilitate the transfer of treatment plans to various oncology information systems for delivery and faster saving of plan data as well as a new tool used for segmentation of blood vessels in the lungs.





An oncology information system manages clinical activities in cancer care, such as machine and doctor scheduling, patient charts, diagnoses, appointment notes, image archives and reviews.

RayCare is closely integrated with RayStation and provides seamless access to all of the powerful planning tools in RayStation and RayCommand. The system efficiently coordinates activities in radiation therapy and offers advanced features for clinical workflow automation and adaptive radiation therapy.

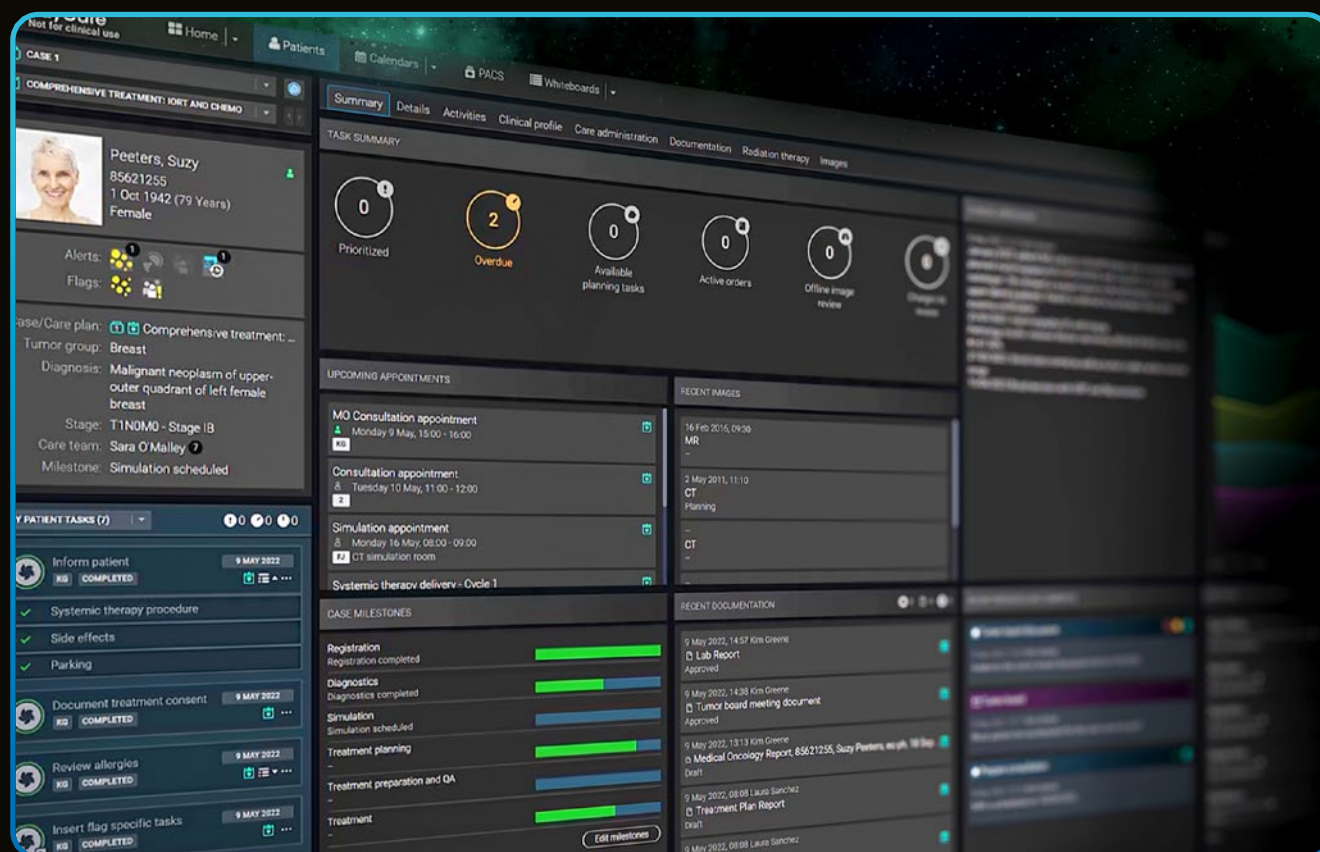
Cancer patients are often treated with a combination of radiation therapy, chemotherapy and surgery. Because RayCare has been designed to handle combined treatments, the system increases opportunities for clinics to manage combinations of these three treatment methods.

The development of RayCare continued during the year and a new version, 2023B, was released. This version features a deeper and richer integration than ever before between RaySearch's products, supporting more automated data transfer and a more cohesive user experience throughout the radiotherapy flow. The enhanced design supports efficiency and safety in the clinical workflow by reducing the number of

manual actions and having structured data readily available where needed at all steps

A key feature of RayCare 2023B is the enhanced and fully integrated management of radiotherapy treatment courses from prescription to the review of treatment results. A new dedicated workspace for treatment course management supports all user needs in relation to managing the fractionation schedule. Combined with the digital workflow support and treatment scheduling capabilities in RayCare as well as the integration with RayStation, treatment management is made simpler and more efficient.

In spring 2023, after several delays to the schedule, Varian certified the interoperability agreement between RayCare and TrueBeam that was signed with Varian in 2020. However, due to the rapid development of RayCare, the certified version of RayCare was already obsolete and efforts are now under way to certify the version of RayCare that is scheduled for release in spring 2024.



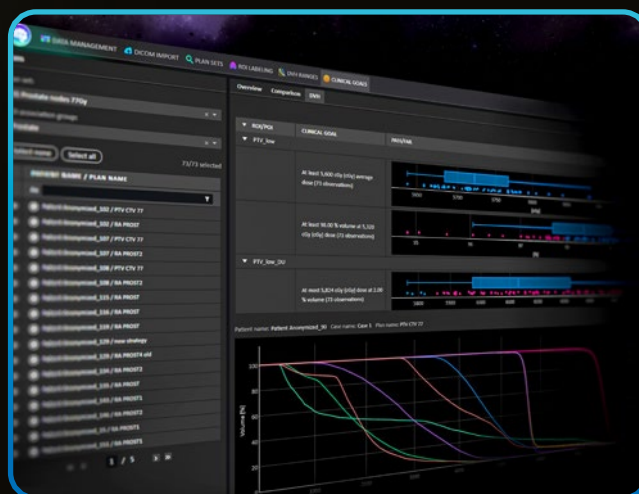


RayIntelligence is RaySearch's cloud-based system for analytics, monitoring and continuous enhancement of cancer therapy. The system comprises a suite of three parts: RayData, RayAnalytics and RayMachine.

RayData extracts large amounts of data from all parts of a cancer clinic's operations. The data is then structured and processed in RayAnalytics to enable a user-friendly presentation. This enables a rapid identification of trends and the ability to see how workflow changes affect treatment outcomes. At present, RayMachine is only available as a component of RayStation for contouring and treatment planning.

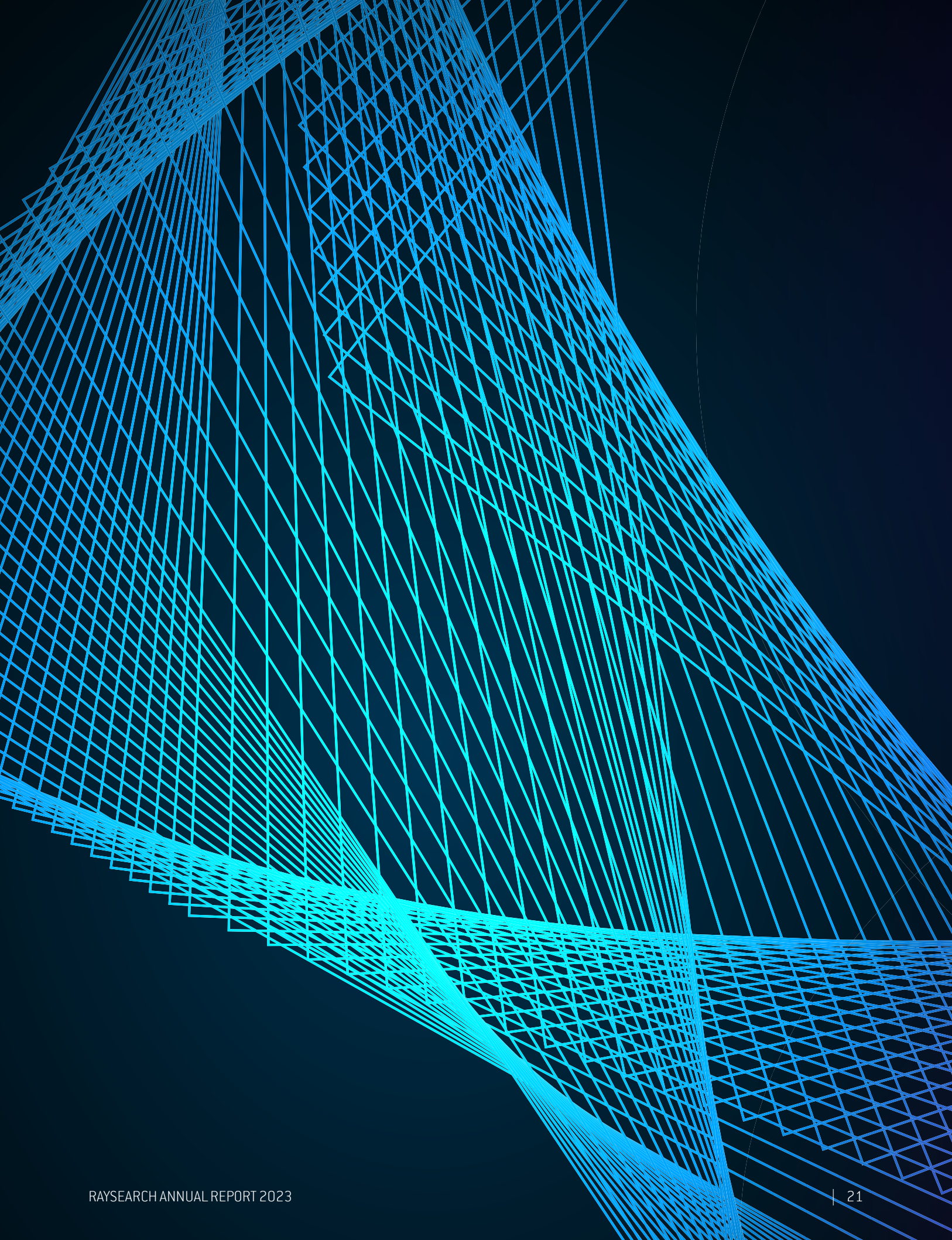
In the latest version of RayStation, 2024A, integration with RayIntelligence has been further enhanced. RayIntelligence absorbs RayStation data automatically and enables users to monitor and understand the current state of the clinic and its treatments as well as providing insights into how efficiency and treatment quality could be improved going forward.

RayIntelligence is only offered on a subscription basis.



The RayCommand treatment delivery system serves as a link between the treatment machine and the treatment planning and oncology information systems. It coordinates and orchestrates the different systems involved, such as imaging systems, beam delivery systems and patient positioning systems.

RayCommand differs from RaySearch's other products because the system is closely integrated with a wide range of treatment control systems. This means that RayCommand is an essential component of various treatments and only sold together with the treatment machine that it is connected to.



SUSTAINABILITY REPORT

ABOUT THE SUSTAINABILITY REPORT

This Sustainability Report covers the 2023 fiscal year. The Sustainability Report comprises RaySearch Laboratories AB (publ), hereafter referred to as RaySearch, Corp. Reg. No. 556322–6157 and its underlying subsidiaries. The Sustainability Report has been prepared pursuant to Chapter 6, Sections 10-14 of the Swedish Annual Accounts Act. The statutory Sustainability Report is issued by the Board of RaySearch. RaySearch's Sustainability Report for the 2023 fiscal year describes the company's material topics from an environmental, social, employee and human rights perspective. The company's business model, strategy, risk mitigation, policy processes, KPIs and performance are described briefly, based on these issues.

The reporting of the material sustainability topics is structured in accordance with the company's three strategic business priorities:

- Innovative software development
- Strategic partnerships
- Attractive employer

The goal of the report is to provide stakeholders with a transparent view of RaySearch's sustainability progress in addition to the Annual Report, and to highlight the link between RaySearch's business and sustainability strategies.

Data compilation

The non-financial information in this report has been obtained from various reporting systems and from each of RaySearch's operating segments. Comments in this report describe whether any data is limited due to, for example, a deficiency in internal control, IT systems or internal documentation.

Responsibility for the report

The Board is responsible for the Sustainability Report.

DESCRIPTION OF RAYSEARCH

RaySearch is a medical technology company that develops software solutions to improve cancer care. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed on Nasdaq Stockholm since 2003.

Vision

A world where cancer is conquered.

Mission

To provide innovative software to continuously improve cancer treatment that improves quality of life for patients and saves lives.

Value offering

Cancer radiation therapy is a highly complex treatment modality. RaySearch provides innovative software to improve cancer treatment in terms of both efficiency and treatment outcomes. RaySearch currently has four products: RayStation treatment planning system, RayCare oncology information system, RayIntelligence analytics system and RayCommand treatment delivery system. RayStation is RaySearch's original and still dominant product in terms of sales.

Operations

RaySearch mainly develops and markets four products. Most revenue is generated by the initial license fee that customers pay for the right to use the software, and an annual fee for updates and support. The company's software is developed at RaySearch's head office in Stockholm, and distributed and sold by RaySearch's global marketing organization. Distribution takes place via licensing agreements with leading medical technology companies. RaySearch's software has been sold to over 1,000 clinics in more than 40 countries. RaySearch's business model requires partnerships and innovation in order to achieve its growth target. More information about RaySearch is available at www.raysearchlabs.com

Customers and market

RaySearch's customers comprise cancer centers all over the world and the business is driven by the continuously growing need for cancer treatment. Worldwide, an estimated 19.3 million new cancer cases occurred in 2020. This figure is expected to exceed 30 million by 2040 and the most important factor for this increase is the aging population. RaySearch divides its global market into three geographic regions: Americas, Europe/Africa and Asia-Pacific & Middle East.

Sales channels

To always be able to offer local service in local languages, RaySearch has formed a global organization with offices and distributors in three regions – Americas, Europe/Africa and Asia-Pacific & Middle East. To secure its distribution channels and an ethical supply chain, it is important that RaySearch continues to maintain good relationships with its distributors.

Business partners

RaySearch essentially has two types of partners – industrial and clinical. RaySearch's systems and software products are developed in close collaboration with these partners, comprising several leading cancer centers, research institutes and medical device suppliers.

DESCRIPTION OF MATERIAL SUSTAINABILITY ISSUES

Materiality assessment

RaySearch bases its sustainability performance measurement and reporting on a materiality assessment. The assessment included the following steps:

Step 1. Identify impacts

Based on the environment, social conditions, employees, respect for human rights and anti-corruption, RaySearch identified a number of sustainability issues.

Step 2. Assessment and determination

The issues identified in Step 1 were assessed on the basis of RaySearch's impact and on the relevance of each issue for stakeholders. Based on the results in Step 2, each specific issue was compared with the others. The three areas determined to be material are innovative software development, strategic partnerships and attractive employer.

Step 3. Validate relevance

The three most relevant issues were validated with stakeholder groups, benchmarking and relevant frameworks. The materiality assessment was carried out in 2018 and revised in 2022. The assessment is still considered relevant for 2023 since the nature of RaySearch's operations has not changed. In 2024, RaySearch intends to conduct a double materiality assessment to identify its impact on the environment and people as well as the risks and opportunities that sustainability issues present

for RaySearch, in line with the requirements of the European Sustainability Reporting Standards (ESRS). The company's GHG emissions are expected to be a material issue in this assessment and have therefore been added as sub-category 3.7 in this report.

Presentation of material issues

RaySearch's material issues are innovative software development, strategic partnerships and attractive employer. Each issue has sub-categories and addresses RaySearch's disclosures of information regarding social conditions, employees, the environment, respect for human rights and anti-corruption.

The table below shows the three material issues. Sub-categories are also presented for each issue. These are considered key aspects and are explained in more detail.

1. INNOVATIVE SOFTWARE DEVELOPMENT

- 1.1. INNOVATION AND STREAMLINING
- 1.2. HIGH LEVEL OF PATIENT AND PRODUCT SAFETY
- 1.3. DATA SECURITY

2. STRATEGIC PARTNERSHIPS

- 2.1. HIGH ETHICAL STANDARDS

3. ATTRACTIVE EMPLOYER

- 3.1. SKILLS PROVISION
- 3.2. COMPANY CULTURE
- 3.3. DIVERSITY
- 3.4. LEADERSHIP
- 3.5. WELLBEING
- 3.6. ENERGY EFFICIENCY
- 3.7. CLIMATE

SUMMARY TABLES – OUTCOME 2023

SUMMARY TABLES – OUTCOME 2023

The following is a summary of the company's material issues. For each issue, the main risks and applicable policies and guidelines are listed. With the exception of the environmental management system, which is under development, all policies and management systems are implemented and followed up through internal audits and management reviews. Each area also has one or more primary KPIs. These are the performance indicators that RaySearch considers to be the most important, with targets defined for each KPI. Secondary KPIs have also been defined for each issue. For these, outcomes are reported regularly in order to monitor progress, but no targets have been defined.

Material issue 1 – Innovative software development

Main risks

- Risk of deficiencies in patient safety, product safety and data security: Control system deficiencies may lead to patient harm, contractual losses, brand damage and low business valuation.
- Risk of skills shortage: A skills shortage may impede the innovation process. This could lead to a further loss of skills which could further impede the innovation process and reduce the ability of the company's solutions to compete with market developments.

Applicable policies and guidelines:

- Quality management system (QMS)
- Information Security Management System (ISMS)

Primary KPIs	Target	Outcome 2023	Outcome 2022	Fulfilled	Comments
No. of patient safety incidents	0	9	6	No	In addition to the nine cases in 2023, 25 earlier device malfunctions without clinical exemptions were filed with the FDA as device-related adverse events in accordance with the FDA's Medical Device Reporting Requirements. Previously, these had only been presented to the market in a corrective action report.
No. of new product launches	9	6	5	No	The planned release of RayCare 2024A and RayCommand 2024A in December 2023 was postponed by one quarter until March 2024 to ensure the completion of all key functionality. RayIntelligence 2024A was released in January 2024.
Secondary KPIs		Outcome 2023	Outcome 2022		Comments
Patents granted during the year		60	45		At year-end, a total of 306 patents plus active patents in 60 patent families had been granted.
Patents pending at year-end		225	261		The applications cover nine markets.

Material issue 2 – Strategic partnerships

Main risks

- Risk of unethical business relationships due to a negative business culture and unclear rules, which could affect the company's ability to handle corruption and human rights appropriately and result in claims for damages.

Applicable policies and guidelines:

- Anti-corruption Policy
- Code of Conduct

Primary KPIs	Target	Outcome 2023	Outcome 2022	Fulfilled
No. of confirmed corruption incidents	0	0	0	Yes

Secondary KPIs	Outcome 2023	Outcome 2022
Employees who underwent compliance training	95%	94%

Material issue 3 – Attractive employer

Main risks

- Risk of losing key employees due to the company's poor employer brand, which could lead to a lack of talent, poor employee wellbeing and loss of innovation capability.
- Risk of physical and mental stress due to a heavy workload, which could lead to higher sickness absence and employee turnover, and result in a weaker company culture and growth rate.

- Risk of environmental impact: Risk of not managing and mitigating the negative environmental effects of the company's activities, products and supply chain effectively, which may lead to non-compliance with legal requirements as well as financial, reputational and environmental damage.

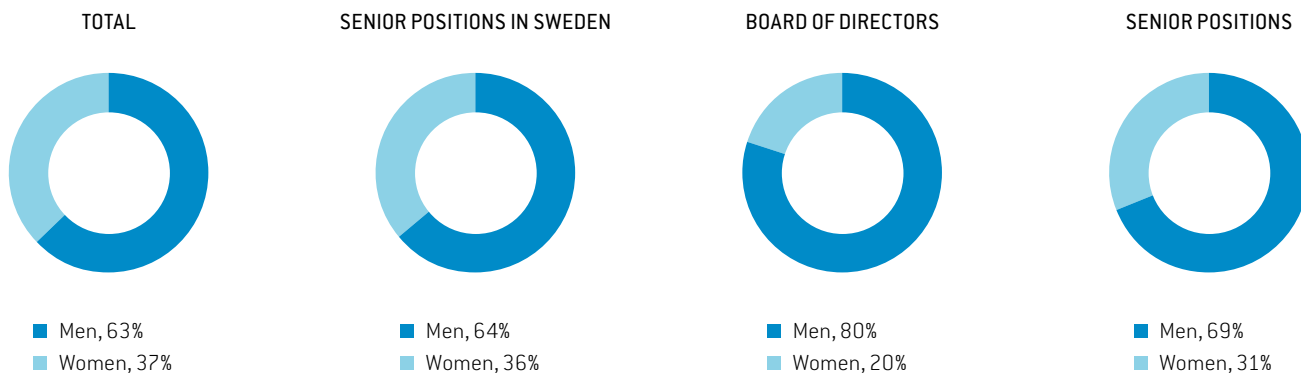
Applicable policies and guidelines:

- Code of Conduct
- Health & Safety Policy
- Staff Rehabilitation Policy
- Policy against Discrimination, Harassment and Victimization
- Whistleblowing Policy
- Environmental management system (EMS)

Primary KPIs	Target	Outcome 2023	Outcome 2022	Fulfilled	Comments
eNPS score	>+20	+14	+14	No	Target will continue until 2024

Secondary KPIs	Outcome 2023	Outcome 2022
Level of education, university or college education	88%	91%
No. of PhDs in R&D	19.0%	18.6%
Change in no. of employees, no. of and % change during the year	18 or 5%	-48 or -12%
No. of employees at year-end	388	370
No. of employees in Stockholm	280	267
No. of employees in foreign subsidiaries	108	103
Gender distribution (total)	Men 63%, women 37%	Men 66%, women 34%
Gender distribution (senior positions in Sweden)	Men 64%, women 36%	Men 66%, women 34%
Gender distribution (Board)	Men 80%, women 20%	Men 80%, women 20%
Gender distribution (senior positions)	Men 69%, women 31%	Men 74%, women 26%
No. of nationalities	35	29
No. of managers who underwent leadership training	91%	96%
Sickness absence	2.4%	2.9%
Wellbeing allowance use rate	82.9%	83.6%
Employee turnover	10.2%	19.2%
Whistleblowing incidents	0	0

GENDER DISTRIBUTION 2023



STRATEGY WITH FOCUS ON SUSTAINABILITY

The business strategy is linked to RaySearch's three material sustainability issues in order to create value and realize the company's mission.

1. Innovative software development

To realize the company's mission to provide innovative software, RaySearch needs to invest heavily in R&D. We need leading functionality, streamlined workflows and broad support for a wide range of treatment techniques and radiation therapy machines. During the 2018–2022 period, average investment in R&D was 34 percent of net sales annually. By following this strategic line, RaySearch can develop software products that are safe and effective for patients from a product, data and clinical perspective, and help to realize the vision of a world where cancer is conquered and thereby, from a social perspective, increase global health and wellbeing.

2. Strategic partnerships

To realize the company's mission of providing innovative software, RaySearch needs to be able to legitimately promote and bring products to market. This is achieved through strategic partnerships. Therefore, the company will continue to develop collaborations with current and future strategic partners, such as world-leading clinics, research institutes and medical device suppliers. These collaborations should be characterized by good business ethics, which is why measures are taken to prevent corruption and protect human rights.

3. Attractive employer

To realize the company's mission of providing innovative software, RaySearch needs to be an attractive employer. This is achieved by working ambitiously and sustainably to engage and attract employees via upskilling, an innovative company culture, diversity, inclusion, leadership and wellbeing.

1. Innovative software development to conquer cancer

In 2023, RaySearch continued to focus on developing the customer experience in both existing and new software, while also strengthening the development team. To enable the launch, teams predominantly worked in the office to build a strong team spirit and inspire idea generation. The team was once again reinforced with new employees by recruiting students in autumn 2023 under the RayAcademy initiative. RayAcademy provides an accelerated onboarding process for new employees, allowing them to step into their positions and projects faster. Teams are important for continuous innovation, so the loss of key employees and innovation capability would therefore expose the company to significant risk. RaySearch works actively to retain talent through its HR processes and related policies. One approach is to offer employees the flexibility to work in the teams where they feel they can create the most value.

Another risk is the failure to provide innovative software due to poor patient or product safety, or inadequate data security. RaySearch

manages this risk by maintaining a robust quality assurance system that is reviewed annually. Patient safety incidents are also a primary KPI. In 2023, nine incidents were reported.

In 2023, the company focused on developing the link between its products. Clinics should be able to streamline their cancer treatment by recognizing RaySearch's software environment at any stage of the treatment they are providing.

1.1 Innovation and streamlining

For RaySearch, continuous innovation is a prerequisite for success. About half of the company's employees work in R&D. A key element of the development process is to continuously help to improve resource efficiency in cancer care in regard to time, quality, costs and material. The greater the efficiency of work flows and effectiveness of treatment devices in the radiotherapy clinics, the more patient lives can be saved and improved. Clinics that want to improve their radiation therapy do not have to upgrade to the latest hardware. They can achieve equally positive outcomes by choosing RayStation for their treatment planning, since this software can optimize the performance and extend the life of their radiation therapy machines. The productivity gains could amount to 25–40 percent, which leads to improved quality of care and the capacity to treat more patients. RaySearch's oncology information system, RayCare, is a powerful tool for automating and streamlining workflows, and for optimizing the resource utilization of cancer centers.

2023 was the second year with RayCommand, a treatment control system that serves as the link between the treatment machine and the treatment planning and oncology information systems. RayCommand is initially expected to be interesting for new suppliers of radiation therapy machines who can integrate RayCommand instead of developing a completely new treatment control system.

Our focus on machine learning continues. Since 2018, such applications have been available in RayStation to automate organ segmentation and treatment plan generation. Automated organ segmentation has led to time savings of up to 45 minutes per patient. This has helped to compensate for the shortage of physicians specialized in radiation therapy.

1.2 High patient and product safety

Not maintaining high patient and product safety could therefore pose a risk to the company's reputation as a leading medtech company and ability to broaden the product portfolio and collaborate with existing and new partners. RaySearch monitors the number of patient safety incidents and issues Field Safety Notices when necessary. Incidents are also reported to all relevant authorities. RaySearch works pro-actively with patient safety and promptly informs customers about potential risks. Summaries are entered in RaySearch's periodic safety update report (PSUR) and the area is presented at the annual Management Review. The process is summarized and monitored by RaySearch's Medical Device Safety Officer from the Development Department.

RaySearch complies with all of the relevant regulatory requirements in markets where products are placed. High patient and product safety is

ensured by a robust quality management system that is reviewed annually both internally and externally. The quality management system is ISO 13485 certified – the internationally recognized standard of quality and safety for medical device manufacturing – and complies with all relevant ISO/IEC standards. The quality management system is certified by external regulators. For example, the system is audited annually to ensure it satisfies the requirements of all participating regulatory authorities in the medical device single audit program (MDSAP). RaySearch's Quality Department is responsible for compliance with the relevant product and patient safety regulations. The Quality and Regulatory Affairs Director is responsible for ensuring that the quality management system meets requirements. The products also implement several industry protocols for medical device connectivity.

1.3 Data security

Data security is regulated in the overall quality management system as part of the product and patient safety process. Data security can be seen from two main perspectives – the security of products purchased by customers, and RaySearch's own security.

From a customer perspective, RaySearch works hard to ensure that the products cannot be used as an attack vector if the customer is hacked. Measures include not leaving network ports open, ensuring secure structures for the customer's access permissions, and secure transfers of clinical data to the cloud via systems for anonymized patient data.

From RaySearch's own data security perspective, the company's Development Department conducts a cybersecurity assessment for every product in the portfolio, and the IT Security Department maintains the company's overall security. Some of the processes carried out include penetration tests of products and offices. A penetration test is a planned attack on the company's own products, computers or offices with the aim of uncovering any vulnerabilities, whereby the appropriate measures can then be taken.

2. Strategic partnerships

Understanding and meeting the real needs of clinics is crucial.

RaySearch conducts innovation and development in close collaboration with leading cancer centers and research institutes such as the Royal Institute of Technology in Stockholm, Lausanne University Hospital (CHUV) in Switzerland, Iridium Network in the Netherlands, Heidelberg University Hospital in Germany, and Massachusetts General Hospital and MD Anderson Cancer Center in the US. RaySearch also has strategic partnerships with a number of medical device suppliers including Accuray, GE Healthcare, IBA and Mevion. Our relationships with these partners are close, long-term and characterized by continuous dialogue.

To prevent corruption and promote human rights, RaySearch screens its partners continuously. Since some partnerships exist in countries or areas characterized by corruption and weak legislative protection of human rights, there is a risk that the business culture will not support ethical business relationships, which could harm customers, patients, employees, business partners, society at large and RaySearch. RaySearch manages this risk by implementing the Code of Conduct and Anti-corruption Policy, which support the internationally recognized and rigorous screening process.

2.1 High business ethics

Responsible business is the key to success in all internal and external relationships. Responsible business refers to RaySearch's ethical and sound business principles that follow local and international regulations and have zero tolerance of corruption, anti-competitive practices or human rights abuse. In order to incorporate this into the operations, responsibility has been spread across the company based on the Anti-corruption Policy, Code of Conduct and a screening process for business relationships within the framework of RaySearch's trade compliance program.

The responsibility for business ethics lies with each respective department. The company's Quality Department conducts regular reviews of the company's policies and processes, while the responsibility for implementation and decision-making lies with each department. The Legal Department assists in drawing up contract templates and offers continuous advice in accordance with applicable laws, rules and ethical codes, such as when new research projects and contracts with health and medical services are initiated. The Legal Department also has overall responsibility for the Code of Conduct, the company's Anti-corruption Policy and collaboration guidelines (Global Policy on Interactions with Healthcare Professionals), based on the medtech industry's ethical codes. The Department is also responsible for training and informing all employees. The Board is regularly informed about matters related to business ethics and regulatory compliance by the CEO and General Counsel.

RaySearch's Code of Conduct provides a framework for what RaySearch considers responsible and sustainable behavior. No significant changes were made to the Code of Conduct in 2023. The Code of Conduct defines the company's principles and policies for business ethics. The Code of Conduct was adopted by the Board at the end of 2017 and implemented in the quality management system in early 2018. The Code of Conduct is based on the Universal Declaration of Human Rights, the ILO Conventions, the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Part of the Code of Conduct describes RaySearch's zero tolerance of working conditions similar to modern slavery, internally and by suppliers. As part of these efforts, a modern slavery statement is prepared every year, where the Board presents the measures taken to ensure that modern slavery and trafficking are not taking place in any part of our supply chain. RaySearch's modern slavery statement for the 2023 fiscal year is available on RaySearch's website.

The Code of Conduct covers all employees, Board members, independent consultants and other people acting on behalf of RaySearch. The Code of Conduct is available on the intranet and highlighted during the induction program for all new employees. The Code of Conduct is also a key element of RaySearch's compliance program training, which all employees complete every year. In 2023, 95 percent of employees completed this training. RaySearch monitors its business ethics measures by reporting the number of confirmed corruption incidents and actions taken during the year, as well as the number of legal disputes related to

anti-competitive practices. In 2023, no confirmed corruption incidents or legal disputes related to anti-competitive practices were reported.

In markets where RaySearch does not have its own sales organization, the company works with external distributors and agents. This business model places high demands on internal strategies and processes to identify and counter corruption risks.

RaySearch's trade compliance program applies effective due diligence using internal and external tools. All transactions and intermediaries undergo screening processes and the scope of the screening is based on a risk assessment (including the risk of corruption and sanctions) on a case-by-case basis. Other measures include distribution of the Code of Conduct to business partners, especially distributors and agents, together with the requirement to sign RaySearch's Code of Conduct compliance form. The responsibility for screening and monitoring suppliers lies with each respective department.

3. Attractive employer

During the year, we focused on attracting the right talent, maintaining a reliable talent pipeline, and building a strong company culture to promote innovation. The risks associated with losing key employees, a lower level of employee wellbeing and loss of innovation capability are managed by implementing RaySearch's Code of Conduct, Health & Safety Policy, Staff Rehabilitation Policy, Policy Against Discrimination, Harassment and Victimization, and Whistleblowing Policy. This ensures good working conditions for all of RaySearch's employees.

RaySearch conducts annual employee satisfaction surveys for the entire company in order to measure and monitor the results of implemented activities, to identify areas for improvement and to gather feedback from employees. Progress is tracked using the Employer Net Promoter Score (eNPS), and the score for 2023 was +14. The main driving forces for working at RaySearch are work motivation, ambitious and talented colleagues, the work climate and atmosphere, and good leadership. For 2024, RaySearch will be focused on strengthening the company's internal communication, as this was one area in the employee satisfaction survey that showed potential for improvement.

In 2024, we will once again be focused on large-scale initiatives to strengthen our brand and attract the right skills. We are planning to achieve this by attending more trade fairs and by improving the candidate experience in our recruitment processes.

3.1 Skills provision

Skills development and performance monitoring are key factors for RaySearch since innovation and development are crucial for continued success. Several initiatives are being carried out to manage the risk that employees no longer develop or feel motivated. Skills provision is divided into two categories – attract new employees and develop current employees.

RaySearch works in several ways to attract new workers who can meet tomorrow's needs. Employee dialogue has revealed that colleagues, an open culture, training opportunities and flexibility are valued

highly by employees. In order to give all employees the right conditions to help achieve the company's targets, regular meetings are held between managers and employees, and employees are encouraged to take on new roles. Employees are encouraged to undertake internal and external training courses and to participate in external events. RaySearch has a long-term vision to devote more focus to learning and development.

In addition to the ongoing initiatives for existing employees, efforts are also taking place to attract new employees with the skills that are needed to develop tomorrow's product portfolio.

In 2023, efforts to attract younger talent continued via RayAcademy's induction program. To maintain the pace of innovation over time, recruiting people with the right skills as well as a desire to develop is essential. In addition, we decided to strengthen our recruitment team in 2023, since we believe that having the right competence internally is strategically important.

The focus in 2024 will be to continue the digitalization of our recruitment process, to strengthen the onboarding process, and to continue strengthening internal collaboration in the area of learning and development.

3.2 Company culture

RaySearch's shared values are focused on what makes a real difference for cancer patients. This includes a stable, innovative, engineering-oriented and values-based culture that encourages employees to follow unconventional paths. This is important for encouraging employees to stay with the company and creates a more attractive position for RaySearch in recruitment processes.

RaySearch believes in a workplace culture and that working from the office maintains the company culture that we want to have. In 2023, therefore, we continued to promote increased collaboration on site in the office, while offering flexibility. The policy makes it easier for managers to ensure the health of employees through in-person meetings and allows teams to meet and exchange ideas to facilitate collaboration.

RaySearch strives to create a workplace that supports both professional and personal development for employees and that promotes health and wellbeing.

3.3 Diversity

The starting point is that diversity helps to create broader perspectives and therefore more innovative software products. Promoting diversity is therefore a way of working towards the company's vision to conquer cancer. The company conducts competency-based recruitment and promotes equality of opportunity and right to development. In 2023, efforts to implement the Policy against Discrimination, Harassment and Victimization continued.

Everyone's knowledge, skills and abilities should be respected and valued regardless of sex, gender identity, ethnicity, religion, disability, sexual orientation or age. No form of discrimination, harassment or victimization is tolerated. RaySearch's Policy Against Discrimination,

Harassment and Victimization contains clear guidelines for preventing, managing and monitoring such situations. Creating a workplace where all employees are given the same conditions and opportunities is important, and the company has worked purposefully with a focus on equal treatment and gender equality. Treating each other with respect is a basic requirement of our business. Every individual is encouraged to contribute to their full potential.

During the year, efforts to avoid discrimination in recruitment continued within the framework of our competence-based recruitment process. This is carried out to further intensify the focus on an objective evaluation of competence. In 2023, RaySearch maintained a high percentage of women compared with the industry average – 37 percent in the global operations, which is an increase compared with 2022, when women accounted for 34 percent of the company's global workforce. This proportion is expected to increase in line with the expected increase in share of women who choose a career in technology. The annual salary survey indicates that RaySearch's efforts to achieve equal pay have been successful. In 2023, RaySearch still had a few cases of unequal pay but since this is continuously followed up with action plans, any unjustified pay differentials between men and women have gradually decreased, which has also been noted over the past five years. In 2023, the number of nationalities among employees increased from 29 to 35. Having employees with a range of cultural backgrounds and language skills is a strength for RaySearch, particularly in contacts with customers all over the world. In 2023, Swedish language lessons resumed at the head office to support international employees.

3.4 Leadership

Strong leadership is important for a successful organization. We have therefore chosen to continue offering leadership training to employees in various senior positions, not only managers. RaySearch has a high level of ambition, with the aim that all of our managers and employees in senior roles will complete leadership training. At the end of the year, 91 percent of managers had completed leadership training. Since RaySearch has appointed many senior roles during the year, such as project managers and Team Leaders, these leadership initiatives will also continue in 2024. New managers at RaySearch undergo both internal and external management training. We will also continue to focus on strengthening leadership globally in RaySearch by introducing targeted initiatives.

3.5 Wellbeing

RaySearch wants to offer its employees an excellent physical, social and organizational work environment and opportunities to achieve a healthy work-life balance. This entails ensuring hands-on leadership and offering faster assistance with medical care via private health insurance. We will also continue our investment in vibrant offices that help to create an easier workday experience. For example, the Stockholm office has a bistro and a private gym. In 2023, the use rate for the wellbeing allowance was

82.9 percent. Sickness absence fell slightly in 2023, from 2.87 percent last year to 2.43 percent in 2023.

The focus in 2024 will be to arrange joint health-promotion initiatives, including seminars and joint fitness challenges.

3.6 Energy efficiency

RaySearch is reducing the company's own energy consumption by reducing the power consumption of computers, heating in premises, transport and business travel. A policy has been created for this purpose: Environmental Management System Policy. Most of RaySearch's employees work in environmentally certified premises.

3.7 Climate

In 2023, RaySearch mapped the company's GHG emissions for the first time. GHG emissions are reported in three main categories: Scope 1, 2 and 3. Within Scope 3, the selection of reported categories was based on available data. In 2023, RaySearch's total GHG emissions in the reported categories amounted to 601 tonnes of CO₂e. These emissions cover energy from the head office, company cars, data centers and business travel. The source of most emissions is business travel, especially air travel. Emissions have increased 82% since 2022, mainly due to the increase in business travel. Travel was still limited in 2022 due to the pandemic, but returned to normal in 2023.

Table: GHG emissions

Category	Total emissions 2023 (tonnes CO ₂ e)	Total emissions 2022 (tonnes CO ₂ e)	Change	Comments
Scope 1 emissions				
Total Scope 1 emissions	5.47	6.65	-17.8%	Emissions from company cars
Scope 2 emissions				
Total market-based Scope 2 emissions	40.16	39.10	2.7%	Electricity, district heating and district cooling in offices
<i>Total location-based Scope 2 emissions</i>	<i>44.40</i>	<i>42.95</i>	<i>3.4%</i>	<i>Alternative calculation method for the same emissions as above</i>
Scope 3 emissions				
3.1. Purchased goods and services	0.93	0.91	2.2%	Emissions from external data centers
3.3. Fuel and energy-related activities	7.61	7.44	2.3%	Life cycle emissions from energy sources
3.6. Business travel	546.86	276.95	97.5%	
Total Scope 3 emissions	555.40	285.30		
TOTAL (Scope 1, 2 and 3)	601.03	331.05	81.6%	

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS
IN RAYSEARCH LABORATORIES AB (PUBL),
CORPORATE IDENTITY NUMBER 556322-6157

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 22-31 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm in accordance with digital signature

Kent Åkerlund
Authorized Public Accountant

ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

ADMINISTRATION REPORT

The Board of Directors and CEO of RaySearch Laboratories AB (publ), Corporate Registration Number 556322-6157, hereby present the annual accounts and consolidated financial statements for the fiscal year of January 1–December 31, 2023. The Parent Company and the Group present their financial statements in SEK. The company's Board of Directors is based in Stockholm.

OPERATIONS

RaySearch Laboratories AB (publ) is a medical technology company that develops innovative software solutions to improve cancer care. RaySearch markets the RayStation® treatment planning system (TPS) and the RayCare® oncology information system (OIS). The latest additions to RaySearch's product line are RayIntelligence® and RayCommand®. RayIntelligence® is an innovative cloud-based oncology analytics system that cancer centers can use to gather, structure and analyze data. The RayCommand® treatment control system (TCS) is designed to link the treatment machine and the treatment planning and oncology information systems. The company was founded in 2000 as a spin-off from the Karolinska Institute in Stockholm and the share has been listed on Nasdaq Stockholm since 2003.

RaySearch's vision is a world where cancer is conquered. A large part of development in cancer treatment is already driven by various software systems and the company's mission is to provide innovative software to continuously improve cancer treatment that improves quality of life for patients and saves lives. RaySearch's main revenue is generated when customers pay an initial license fee for the right to use RaySearch's software and an annual service fee for access to updates and support. All software systems are developed at RaySearch's head office in Stockholm and sold and distributed by the company's global marketing organization.

The company's strategy is based on a strong focus on innovative software development with leading functionality, support for streamlined workflows – including digitization, automation and machine learning – and broad support for a wide range of treatment modes and types of radiation therapy machines. The company also engages in close collaboration with world-leading clinics and industrial partners, and invests heavily in R&D.

RayStation is established in all major global markets as one of the most advanced treatment planning systems for radiation treatment of cancer. The company's sales success is based on RayStation's high calculation speed, support for adaptive radiation therapy, automated workflows, unique multi-criteria optimization and user-friendly interfaces. Another strength is the wide range of radiation therapy machines supported by the system – more than any other treatment planning system. RayStation helps to improve the radiation therapy process and to extend

the life of the treatment machines, which means they can be used more effectively. This means that clinics that want to improve and develop their care are no longer dependent on buying the latest treatment machines – they can achieve similar, positive outcomes by opting for RayStation as their treatment planning system. Overall, more and more highly regarded cancer centers can now confirm that RayStation is helping them to optimize their radiation therapy process and enabling more effective use of their existing radiation therapy machines.

Treatment planning for proton therapy (protons/carbon ions/BNCT) is a key area of focus for RaySearch. The company has a global market share of more than 50 percent in this advanced market segment. Less than 1 percent of all patients who receive radiation therapy receive proton therapy, but an estimated 20 percent could benefit from treatment with protons, which indicates significant growth potential in this field.

Ever since RayStation was first released, RaySearch has focused on and achieved major sales success in several of the world's most advanced and renowned radiation therapy centers. To date, over 1,000 cancer centers in more than 40 countries have purchased RayStation. At the same time, there are more than 8,000 radiation therapy centers worldwide, so the company's growth potential is still high.

Alongside of this, the company's oncology information system (OIS), RayCare, is rapidly becoming the next-generation OIS. RayCare is fundamentally different to other OISs and the system has been designed to support and optimize various work flows at modern cancer centers. Many cancer patients are treated with a combination of treatments and unlike existing systems, RayCare is a comprehensive information system that supports the three main types of cancer treatment – radiation therapy, chemotherapy and surgery. It brings integrated cancer care within reach of many cancer centers, which will create clinical possibilities that are unachievable for competing systems. RayCare coordinates all activities efficiently and provides advanced features that include clinical resource optimization, digitization and workflow automation as well as adaptive radiation therapy. The system has also been developed to meet tomorrow's need for advanced analysis and decision support. Following an extensive joint program for development and testing, efforts to develop communication (interoperability) between RayCare and Varian's TrueBeam® linear accelerator were completed in the second quarter of 2023. TrueBeam is Varian's most prevalent treatment delivery platform and interoperability with TrueBeam® is therefore expected to drastically increase the addressable market for RayCare.

The development of RayCare has been taking place for a long time, in collaboration with members of the RaySearch Clinical Advisory Board: MD Anderson Cancer Center, Princess Margaret Cancer Centre and ProVision Healthcare in the US, Heidelberg University Hospital in Germany, MedAustron in Austria, Swiss Medical Network in Switzerland, the Univer-

sity Medical Center Groningen in the Netherlands and Iridium Network in Belgium. In addition to these partners, the growing group of RayCare customers is also contributing to the development process. Solving the coordination, safety and efficiency needs of the world's cancer centers is one of RaySearch's most exciting challenges to date. The company's collaborations with leading clinics provide good conditions for success by combining their extensive clinical know-how with RaySearch's ability to develop innovative software.

Since 2018, machine learning applications have been available in RayStation to automate organ segmentation and treatment plan generation. In 2023, the department continued to develop the cloud-based Ray-Intelligence oncology analytics system, which was launched in December 2020 to make it easier for clinics to use their data to streamline, personalize and improve future treatments, and to train machine-learning models. RayIntelligence offers the stable data infrastructure that a clinic needs to personalize treatment protocols and thereby improve treatment outcomes. The system has tools for analyzing trends and performance, and also gathers and provides an overview of all clinical activities.

Back in 2022, a key milestone was achieved for the RayCommand treatment control system: clinical use at MedAustron in Austria. Ray-Command offers uniform management, synchronization and control of important systems in the radiation therapy room. At MedAustron, Ray-Command is used together with RayStation and RayCare, making MedAustron the first center in the world to implement such a solution. Combined use offers streamlined workflows and automated data transfers between the systems. RaySearch and MedAustron initiated a collaboration back in 2012, which was further developed in 2023 through a new research agreement.

RaySearch is an R&D-oriented company in which about half of the company's employees are engaged in R&D, and about 31 percent of the company's net sales over the past five years have been reinvested in R&D.

Research activities form the basis for next-generation systems and products. Research is conducted in close collaboration with the Royal Institute of Technology in Stockholm, MD Anderson Cancer Center in Houston in the US, Leeds Teaching Hospitals NHS Trust in the UK, UMCG in the Netherlands, and Heidelberg University Hospital in Germany. Development is focused on transforming customer demands and the company's innovations into commercial products. This takes place by creating new products, and by further developing and maintaining existing products. Development activities apply an agile approach and modern tools in close collaboration with leading clinics and industrial partners all over the world.

HIGHLIGHTS OF THE YEAR

RayStation was selected by several leading cancer centers

In 2023, several leading cancer centers chose the RayStation treatment planning system, including:

- South West Florida Proton in the US.
- New York University Langone Hospital in the US.
- Oregon Health & Science University in the US.
- Baptist Health Lexington in the US.
- University Medical Center Groningen in the Netherlands.
- RaySearch's partner IBA placed an order for RayStation and RayCare at CRO National Cancer Institute in Aviano, Italy.

- The hospital chain Froedtert & Medical College of Wisconsin in the US.
- The Mass General Cancer Center in the US placed an order and thereby expanded its installation of RayStation to also include proton treatment planning.
- Paul Scherrer Institute in Switzerland.

RaySearch signs agreement with Shinva for large order in China

RaySearch has been delivering RayStation to Shinva for a number of years, which Shinva has sold together with its radiation therapy machines in China. The partnership is now being expanded through a new order for 15 RayPlan systems, which Shinva will sell in the same manner. The RayPlan® treatment planning system makes the innovative RayStation® technology accessible to clinics that need a cost-effective and streamlined solution. The total order value is SEK 10.5 M, excluding service contracts.

RayCare in clinical use with CyberKnife at Lausanne University Hospital (CHUV) in Switzerland

In June 2023, CHUV in Switzerland treated its first patient using the RayStation® treatment planning system together with the oncology information system RayCare® in combination with the Accuray CyberKnife® treatment delivery system. CHUV and RaySearch are working together in a program that includes treatment optimization and operational efficiency, including optimal machine utilization and the new treatment technique FLASH radiotherapy. Taking RayCare into clinical use with CyberKnife is an important step forward in this program. Eventually, CHUV will conduct all major radiation therapy activities, including treatment planning, record and verify, workflow management and data analytics, exclusively with RaySearch software.

Vejle Hospital first center in the world to use RayStation for an online adaptive treatment with augmented CBCT

Vejle Hospital in Denmark has developed a new and ground-breaking workflow for adapting a patient's treatment plan during the first treatment session. The improved workflow is enabled by the adaptive replanning capabilities of RayStation and saves significant time for the patient. Thanks to the synthetic CT algorithm and fast adaptive replanning capabilities in RayStation, the CBCT of the first treatment fraction can be used for creating an adapted plan during the treatment session, unlike today's standard method where the patient needs to wait for an additional CT appointment since the diagnostic CT scan can only be used in the preliminary treatment plan. In this workflow, the CBCT is augmented with use of the diagnostic CT, and a new plan is created, which is used in the first and any subsequent fractions. The first patient was successfully treated in November 2023.

New version of RayStation

In December 2023, RayStation 2024A was released. The new version adds improved flexibility when making combined treatment plans for a patient. RayStation 2024A also enhances the integration with RayIntelligence, which absorbs RayStation data automatically and enables users to monitor and understand the current state of the clinic and its treatments as well as providing insights on how to improve efficiency and treatment quality going forward.

Latest innovations in RayCare and RayIntelligence presented at ASTRO 2023

The latest version of RayCare includes enhanced treatment schedules, support for enhanced data migration as well as feature and usability updates to the patient chart and task management.

RayIntelligence is an innovative cloud-based oncology analytics system [OAS] that gives meaning to data, empowering cancer centers to reach new levels of personalized care through insights based on clinical data. The latest version (2024A) offers enhanced possibilities to define clinical targets and an improved user interface.

Management change

On July 7, Henrik Bergentoft decided to leave his position as CFO at RaySearch. Annika Blondeau Henriksson was appointed interim CFO and will remain in her role until a permanent CFO is in place.

Share conversion in RaySearch Laboratories AB (publ)

In June 2023, 800,000 Class A shares were converted to Class B shares at the request of a shareholder, in accordance with the company's Articles of Association. The total number of voting rights in RaySearch thereafter amounted to 103,177,548. The total number of registered shares in RaySearch is 34,282,773, of which 7,654,975 are Class A and 26,627,798 Class B.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

In February 2024, RaySearch announced that it had acquired the product DrugLog from Pharmacolog for chemotherapy quality assurance. Under the agreement, RaySearch acquires full ownership of all rights to the product DrugLog for its application in the field of oncology, including the measuring device, calibration parameters and source code as well as intellectual property rights. The purchase consideration for the asset acquisition amounted to SEK 7 M.

ORDER INTAKE AND ORDER BACKLOG

For the full-year 2023, order intake amounted to SEK 1,004.2 M (1,218.5), a decrease of 17.6 percent compared to the same period last year. The decrease is attributable to the large order from IBA of SEK 188 M in 2022. Order intake of licenses amounted to SEK 461.7 M (569.3), a decrease of 18.9 percent, while order intake for support amounted to SEK 390.8 M (501.0), a decrease of 22.0 percent.

At December 31, 2023, the total order backlog was SEK 1,864.4 M (1,940.1), of which SEK 460.8 M is expected to generate revenue over the next 12 months. The remaining amount in the order backlog mainly pertains to support commitments that will primarily generate revenue during a subsequent four-year period.

Order intake (amounts in SEK M)	2023	2022
Licenses	461.7	569.3
Support (incl. warranty support)	390.8	501.0
Hardware	111.4	92.7
Training and other	40.3	55.5
Total order intake	1,004.2	1,218.5

Order backlog (amounts in SEK M)	Dec 31, 2023	Dec 31, 2022
Licenses	382.5	395.3
Support (incl. warranty support)	1,346.7	1,380.0
Hardware	38.4	64.7
Training and other	96.9	100.1
Total order backlog at the end of the period	1,864.4	1,940.1

REVENUE

In 2023, net sales rose 21.2 percent to SEK 1,022.2 M (843.6). License revenue amounted to SEK 441.8 M (388.5) and support revenue increased to SEK 415.9 M (323.1), accounting for 43.2 percent (46.1) and 40.7 percent (38.3) of net sales, respectively.

Hardware sales, which have a limited operating margin, increased to SEK 128.4 M (105.8) and training and other revenue increased to SEK 36.1 M (26.3). The change in sales at unchanged exchange rates was 15.6 percent (23.2), and recognized net sales accounted for 101.8 percent (69.2) of total order intake in 2023.

Revenue distribution (amounts in SEK M)	2023	2022
License revenue	441.8	388.5
Support revenue (incl. warranty support)	415.9	323.1
Hardware revenue	128.4	105.8
Training and other revenue	36.1	26.3
Net sales	1,022.2	843.6
Change in sales, corresp. period, %	21.2	31.5
Change in sales at unchanged exchange rates, corresp. period, %	15.6	23.2

In 2023, net sales had the following geographic distribution: North America, 41 percent (47); Asia-Pacific & Middle East, 21 percent (22); Europe and the rest of the world, 38 percent (31).

OPERATING PROFIT

For the full-year 2023, operating profit increased to SEK 114.9 M (42.7), representing an operating margin of 11.2 percent (5.1). The increase is attributable to higher net sales combined with a comparatively lower increase in the company's operating expenses costs for the full-year.

Currency effects

The company's net sales and earnings are impacted by USD/EUR to SEK exchange rates, since most sales are invoiced in USD and EUR, while most costs are denominated in SEK. At unchanged exchange rates, the change in sales was 15.6 percent (23.2) in 2023.

Based on the year's revenue, cost and currency structure (transaction exposure), a general change of one percentage point in the SEK to USD exchange rate would have impacted consolidated

operating profit by +/- SEK 5.0 M, while a corresponding change in the EUR exchange rate would have impacted consolidated operating profit by approximately +/- SEK 3.6 M. The Group follows the financial policy established by the Board of Directors, whereby exchange-rate fluctuations are not hedged. Refer to the sensitivity analysis in note 17D on page 68.

Capitalization of development costs

RaySearch is a research and development-oriented company that makes significant investments in the development of various software solutions for improved cancer treatment. At December 31, 2023, 200 employees (193) were engaged in research and development, corresponding to 52 percent (52) of the total number of employees.

Capitalization of development costs	2023	2022
Research and development costs	248.6	234.6
Capitalization of development costs	-184.4	-188.0
Amortization of capitalized development costs	172.8	192.2
Research and development costs after adjustments for capitalization and amortization of development costs	237.0	238.8

During the year, RaySearch continued to invest in both existing products and future products. In 2023, research and development costs amounted to SEK 248.6 M (234.6), an increase of 6.0 percent compared to the same period last year and accounts for 24 percent (28) of the company's net sales. The increase is mainly due to an adjustment of certain personnel expenses from selling expenses to research and development costs as a result of an updated classification of the company's personnel expenses. Capitalized development costs amounted to SEK 184.4 M (188.0), down 1.9 percent compared with 2022. Accordingly, capitalized development costs amounted to 74 percent (80) of the total research and development costs for 2023.

Amortization of capitalized development costs amounted to SEK 172.8 M (192.2), which is a reduction of 10.1 percent compared to last year. This reduction is attributable to the fact that some development projects were fully amortized at the end of 2022.

Total research and development costs (after adjustments for capitalization and amortization of development costs) amounted to SEK 237.0 M (238.8) for 2023, a reduction of 0.8 percent compared to 2022.

Amortization and depreciation

Total amortization and depreciation for the year amounted to SEK 286.2 M (297.0), of which amortization of intangible fixed assets totaled SEK 172.8 M (192.4), primarily related to capitalized development costs. Depreciation of tangible fixed assets amounted to SEK 112.4 M (104.6).

PROFIT THE PERIOD AND EARNINGS PER SHARE

For the full-year 2023, profit after tax totaled SEK 81.6 M (23.8), representing earnings per share of SEK 2.38 (0.69) before and after dilution.

For 2023, the tax cost amounted to SEK 28.5 M (8.6), corresponding to an effective tax rate of 25.9 percent (26.6).

CASH FLOW AND LIQUIDITY

In 2023, cash flow from operating activities totaled SEK 455.9 M (320.7). The increase is mainly a result of improved profit before tax of SEK 78 M and an increase in working capital of SEK 55 M primarily generated by lower operating receivables which had a negative effect in the report for 2022.

Cash flow from investing activities amounted to SEK -209.3 M (-201.4). Investments in intangible fixed assets totaled SEK -185.0 M (-188.0) and comprised capitalized development costs. Investments in tangible fixed assets amounted to SEK -24.3 M (-13.4).

Cash flow from financing activities totaled SEK -56.4 M (-72.4). The decrease is a result of the previously held overdraft facility was repaid during 2022. Cash flow for the year amounted to SEK 190.3 M (46.8) and at December 31, 2023, consolidated cash and cash equivalents totaled SEK 343.7 M (160.3).

FINANCIAL POSITION

At December 31, 2023, RaySearch's total assets amounted to SEK 1,952.7 M compared to SEK 1,876.0 M at December 31, 2022.

At December 31, the equity/assets ratio was 37.7 percent compared to 35.0 percent for the full-year 2022.

In June 2023, the company renegotiated its financing solution with the bank. Accordingly, in addition to cash and cash equivalents of SEK 343.7 M, RaySearch has an overdraft facility of SEK 75.0 M (50.0) of which SEK 0 M (0) had been drawn at the end of the period. The previous undrawn revolving loan facility of SEK 150 M was terminated in conjunction with the increase of the overdraft facility from SEK 50 M to SEK 75 M.

At December 31, 2023, the company's interest-bearing liabilities, comprising only lease liabilities recognized in accordance with IFRS 16, amounted to SEK 529.4 M compared with SEK 555.4 M at December 31, 2022.

At December 31, the Group's net debt amounted to SEK 185.7 M compared to SEK 395.9 M at December 31, 2022, a reduction that is due to an increase in cash and cash equivalents and lower lease liabilities compared to the preceding year.

RESTATEMENT OF FINANCIAL STATEMENTS

In this report, it has been noted that the cash flow in comparative figures is incorrect. The error consists of incorrect classification and calculation regarding cash flow attributable to the Group's leases and has been adjusted in this report. The correction only affects the classification of cash flows between the different categories and does not affect the total cash flow for the period. The Group's quarterly overview has also been restated. The income statement and consolidated statement of financial position have not been adjusted. For further information, refer to Note 30.

EMPLOYEES

In 2023, the average number of employees in the Group was 376 (382). At year-end, the Group had 389 employees (370), of whom 281 (267) were based in Sweden, and 108 (103) in foreign subsidiaries.

RaySearch strives to offer a positive work environment with attractive and stimulating development opportunities for employees. The company's continued ability to develop high-quality software solutions is dependent on competent, engaged and innovative employees.

RaySearch imposes high workplace standards with regard to the environment, health, safety and individualized working conditions.

RaySearch actively promotes diversity and equality and has clear targets for increasing the proportion of women in technical and managerial positions. The Group strives to help employees achieve a work/life balance and offers flexible solutions wherever possible.

To ensure that all employees are paid fair salaries, regular salary surveys are conducted in Sweden in order to detect, remedy and prevent any unjustified pay differences. In 2023, the survey did not reveal any unjustified or material pay differences in the company.

All employees in the RaySearch Group are entitled to join unions or other organizations.

Sustainability Report

Sustainability is a key aspect of RaySearch's strategy and operations, and the company is working actively to become a sustainable enterprise. RaySearch has prepared a separate sustainability report in accordance with the Swedish Annual Accounts Act. The sustainability report can be found on pages 22–32. Other information can be found on the following pages: Risks and risk management: pages 40–42.

SEASONAL VARIATIONS

RaySearch's customers are healthcare providers and the company's operations are somewhat characterized by seasonal variations that are typical for the industry, whereby the fourth quarter is normally the strongest – mainly because many customers have budgets that follow the calendar year.

FUTURE PROSPECTS

Worldwide, an estimated 19.3 million new cancer cases occurred in 2020. The global cancer burden is expected to be more than 30 million cases in 2040. RaySearch has successfully established RayStation as one of the most advanced and leading treatment planning systems in all major markets around the world, and the sales success for RayStation continues. However, since the Group's global market share is still relatively small, the growth opportunities for RayStation are still considered very high.

RaySearch has noted keen interest in RayCare, the groundbreaking oncology information system that the company is developing. A radiation therapy center essentially needs two software platforms for its operations: one information system, and one treatment planning system. RayCare and RayStation will enable RaySearch to provide the entire infrastructure for a clinic's information management and treatment planning. The continued development of RayCare is expected to open new possibilities for RaySearch, both clinically and commercially, which are confirmed by the company's long-term collaboration agreements with several leading cancer centers, such as the Princess Margaret Cancer Centre in Canada, the University of Texas MD Anderson cancer center in the US, Heidelberg University Hospital in Germany, MedAustron in Austria, Swiss Medical Network in Switzerland, the University Medical Center Groningen in the Netherlands and Iridium Network in Belgium as well as several leading medical device suppliers, such as IBA, Accuray and Mevion.

PARENT COMPANY

RaySearch Laboratories AB (publ) is the Parent Company of the RaySearch Group. Since the Parent Company's operations are consistent with the Group's operations in all material respects, the comments for the Group are also largely applicable to the Parent Company.

Differences in profitability between the Parent Company and the Group are attributable to the Parent Company accounting for a relatively high proportion of operating expenses, and to the capitalization of development costs being recognized in the Group but not in the Parent Company. The Parent Company was also not affected by the changes pertaining to lease recognition under IFRS 16, and instead continues to recognize lease payments as operating lease payments. This reduces operating profit compared with if IFRS 16 had been applied.

The Parent Company's current receivables mainly comprise receivables from Group companies and external customers. The Parent Company's profit before tax totaled SEK 80.6 M [12.4] and, at December 31, 2023, the Parent Company's cash and cash equivalents amounted to SEK 214.2 M [79.9].

TREASURY STOCK

The company had no treasury stock in 2023.

SHARES AND OWNERSHIP

At December 31, the total number of registered shares in RaySearch was 34,282,773, of which 7,654,975 were Class A and 26,627,798 Class B shares. The quotient value is SEK 0.50 and the company's share capital amounts to SEK 17,141,386. Holders of Class A shares are entitled to ten votes per share, and holders of Class B shares are entitled to one vote per share, at general meetings. At December 31, 2023, the total number of votes in RaySearch was 103,177,584.

All shareholders entitled to vote at a general meeting may vote for the full number of shares owned or represented by them, with no restrictions on voting rights.

At December 31, 2023, the number of shareholders in RaySearch was 8,199 according to Euroclear, and the largest shareholders were:

Name	Class A shares	Class B shares	Total shares	Capital, %	Votes, %
Johan Löf	5,443,084	218,393	5,661,477	16.5	53.0
Northern Trust Company, London Branch	–	2,851,392	2,851,392	8.3	2.8
BNP Paribas SA Paris, W8IMY (GC)	–	2,360,807	2,360,807	6.9	2.3
The Bank of New York Mellon Sa/Nv, W8IMY	–	2,049,407	2,049,407	6.0	2.0
Swedbank Robur NY Teknik	–	1,800,000	1,800,000	5.3	1.7
Anders Brahme	1,150,161	150,000	1,300,161	3.8	11.3
Second AP Fund	–	1,220,942	1,220,942	3.6	1.2
State Street Bank and Trust Co, W9	–	1,206,563	1,206,563	3.5	1.2
Carl Filip Bergendal	1,021,577	139,920	1,161,497	3.4	10.0
JP Morgan Chase Bank NA, W9	–	1,015,754	1,015,754	3.0	1.0
Total, 10 largest shareholders	7,614,822	13,013,178	20,628,000	60.2	86.4
Others	40,153	13,614,620	13,654,773	39.8	13.6
Total	7,654,975	26,627,798	34,282,773	100	100

Source: Euroclear

¹ International Agency for Research on Cancer, WHO, 2020.

As far as the Board of Directors of RaySearch is aware, there are no shareholder agreements for either Class A or Class B shares. There are no special provisions in the Articles of Association regarding the appointment and dismissal of Board members, or amendments to the Articles of Association. Should a public offer be tendered to acquire shares in the company, there are no agreements between the company and Board members or employees prescribing any payments should these persons resign, be given notice without reasonable grounds or should their employment cease.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

The guidelines shall be applied to remuneration that is agreed, and changes made to remuneration already agreed, after the guidelines were adopted by the Annual General Meeting 2021.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

For information about the company's business strategy, visit www.ray-searchlabs.com

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration.

These guidelines enable the company to offer senior executives a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

Additionally, the Annual General Meeting may – irrespective of these guidelines – resolve on, among other things, share-based or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 100 percent of the fixed annual cash salary.

Pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums shall be equal to the Swedish ITP plan which corresponds to not more than 10 percent of the fixed annual cash salary for the CEO and not more than 30 percent of the fixed annual cash salary for the other senior executives. The retirement age is normally 65 years.

Other benefits may include life insurance, medical insurance and company cars. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

Criteria for awarding variable cash remuneration, etc.

Any variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

Variable cash remuneration of the CEO shall amount to 2 percent of the Group's earnings before tax. For other senior executives, targets are to be established in accordance with the paragraph above.

When the measurement period for fulfillment of the criteria for receiving variable cash payments has ended, the degree to which the criteria have been met is assessed/determined. The Board is responsible for the evaluation of variable cash remuneration to the CEO. The CEO is responsible for the evaluation of variable cash remuneration to other senior executives. The evaluation of the fulfillment of financial objectives shall be based on the latest financial information published by the company.

The company has no contractual right to recover paid remuneration.

Consulting fees to members of the Board

The company's non-executive, AGM-elected members may in special cases receive a fee for services in their areas of competence, that is not considered Board work, during a limited period. For these services (including services carried out through a company wholly owned by a Board member) a fee should be paid on market terms provided such services contribute to the implementation of the company's business strategy and safeguard its long-term interests, including its sustainability.

Termination of employment

The notice period may not exceed 12 months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for 18 months. The period of notice may not exceed six months without any right to severance pay for termination by the executive.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board shall also monitor and evaluate programs for variable remuneration for senior executives, the application of the guidelines for executive remuneration as well as the current remuneration structures and com-

pensation levels in the company. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are personally affected by such matters.

Deviations

The Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES IN 2024 SENIOR MANAGEMENT

The remuneration guidelines for senior executives adopted by the 2021 Annual General Meeting apply thereafter for the next four-year period, provided no adjustments are adopted by the Annual General Meeting.

CORPORATE GOVERNANCE REPORT

A separate Corporate Governance Report has been prepared, refer to page 80.

DIVIDEND POLICY AND PROPOSAL

The Board of Directors' objective is to propose an annual dividend to shareholders of 20 to 30 percent, provided that a sound capital structure can be maintained.

The Board of Directors intends to propose that the 2024 Annual General Meeting approve an ordinary dividend of SEK 0.70 [0] per share, corresponding to 30 percent of consolidated profit after tax. In addition, the Board intends to propose an extra dividend of SEK 1.30 [0] per share. The proposed dividend to be approved at the Annual General Meeting amounts to SEK 68.6 M.

The Board of Directors proposes May 24, 2024 as the record day for the dividend, which would mean that the share will be traded without the right to dividend on May 23, 2024 and that the dividend is expected to be paid through Euroclear on May 29, 2024.

The Group's results and financial position are presented in the following statements of comprehensive income, financial position and cash flow, with the accompanying notes.

PROPOSED ALLOCATION OF THE PARENT COMPANY'S PROFIT

The following unrestricted equity in the Parent Company is at the disposal of the Annual General Meeting:

SEK 000s	
Retained earnings	126,858,312
Profit for the year	58,543,978
Total	185,402,290

The Board proposes that the funds be allocated as follows:

SEK 000s	
Dividend 34,282,773 shares x SEK 2.0	68,565,546
To be carried forward	116,836,744
Total	185,402,290

RISKS AND RISK MANAGEMENT

As a global group with operations all over the world, RaySearch is exposed to various risks and uncertainties, such as market risk, operational risk and financial risk. Risk management within RaySearch aims to identify, measure and reduce risks related to the Group's transactions and operations. In 2020, COVID-19 presented an additional business risk. This risk persists, but is now called 'Pandemics' to clarify that another virus or disease could lead to a pandemic in the future. Ongoing conflicts around the world, such as the one between Russia and Ukraine that started in 2022 and the unrest in the Middle East has also led to the identification of 'Geopolitical changes' as a new business risk.

Market risk

RaySearch's presence in a large number of geographic markets entails exposure to political and financial risks both globally, and in individual countries or regions. Weak economic growth and strained finances may, in some markets, have a negative impact on government investment in cancer care and make it more difficult for private customers to secure funding.

Geopolitical changes

Geopolitical risk is the risk of financial, market or personal loss due to political decisions or disruptions. The following examples are political actions that could potentially affect RaySearch in specific markets: decisions made by state-owned leaders regarding military conflicts, trade tariffs/barriers, currency restrictions, taxes, investments, salary levels, labor laws, environmental regulations and development priorities. The effect of the ongoing conflict between Ukraine and Russia has been negligible for RaySearch. Should a similar conflict arise in any of RaySearch's core markets, this could entail a risk of delayed and missed orders, limitations in terms of delivery capacity and, subsequently, a delay in revenue recognition and customer payments.

Pandemics

COVID-19 has shown clearly that pandemics affect RaySearch's operations. The COVID-19 pandemic had a negative impact on RaySearch's sales and earnings in 2020 and 2021 in particular, mainly due to delayed orders. The likelihood that other viruses or diseases will lead to a similar situation in the future cannot be ruled out, which is why the risk remains but is referred to more generally. A pandemic can be associated with the following risks and uncertainties:

- Delayed orders of RaySearch's products, such as when certain hospitals may temporarily be forced to prioritize the treatment of an ongoing pandemic over investments in the company's products for cancer treatment.
- Delayed revenue recognition due to, for example, the inability to fulfill certain performance obligations due to travel restrictions.
- Risk of weaker cash flow, for example, if certain customers experience liquidity problems.

Operational risk

Competition

RaySearch operates in a competitive arena and mainly competes with Varian, Elekta and Philips, which invest major resources in the development of systems and technological solutions that compete with RaySearch's products. RaySearch sells software only, and in some situations there is a risk that the company's competitors could use their positions as hardware suppliers to sell packaged solutions with both hardware and software to customers.

Product development

New products and improved therapies are continuously being released and future developments in the medical technology market could affect RaySearch's ability to compete. RaySearch develops highly advanced systems and technological solutions, and assumes the risk from development stage through to release, which could result in higher costs than anticipated. This is mitigated by continuously monitoring projects, and with quality assurance.

It is also important that the new systems and technological solutions developed by RaySearch are protected from illicit use by competitors. In most cases, RaySearch's advanced software products are protected by copyright, and where possible and appropriate, RaySearch also protects its products through patents and trademark registration.

Strategic partnerships

The medical technology industry is characterized by relatively rapid technological development with advances in industrial knowledge and expertise. RaySearch's system and software products are developed in close collaboration with leading cancer centers and research institutions, including MD Anderson in the US, the Princess Margaret Cancer Centre in Canada and Heidelberg University Hospital in Germany. RaySearch's ability to uphold these long-term and close relationships is crucial to understanding and meeting customer needs.

RaySearch also has strategic partnerships with a number of medical device suppliers including IBA, Accuray, Mevion, and partnerships with Varian and IBA Dosimetry, which sell the company's products. If RaySearch were to lose one or more of these strategic partners, this could have an adverse impact on the company's sales, earnings and financial position.

Alternative therapies

Of the three main types of cancer treatment – radiation therapy, surgery and chemotherapy – radiation therapy is the therapeutic approach that has increased most for curative groups over the past 20 years. RaySearch also expects radiation therapy to be an important treatment option in the future.

Cybersecurity and disruption of IT systems

RaySearch sees a growing need to use and analyze personal and treatment data, which is necessary if the company is to further develop the product portfolio. For example, RaySearch released the cloud-based oncology analytics system RayIntelligence in 2020 and the company is planning to release a new IT hosting service in 2021. Such offerings must comply with the data protection laws of various countries and with due regard for the appropriate measures to protect this data from damage, manipulation and intrusion. RaySearch's operations are dependent on several advanced IT systems and solutions that must be protected from damage and undue intrusion while also complying with international data protection and privacy laws. RaySearch is also dependent on successful relationships with partners across the value chain, especially critical service providers.

Sales organization

RaySearch sells its system and products both through its own sales organization and through an external network of distributors and partners. The company's continued success is dependent on the ability to build and maintain successful customer relations, and to establish and maintain an efficient marketing organization and successful partnerships with external sales channels.

Corruption

Corruption is an obstacle to development and growth in some of the countries in which RaySearch operates. RaySearch has zero tolerance of all forms of corruption, including bribery, fraud and anti-competitive practices. RaySearch therefore works continuously to strengthen its existing compliance program with, for example, background screening processes and certification of business partners, and other internal procedures to address and prevent the various anti-corruption issues that can arise within the framework of the business operations.

Regulatory approvals and processes

RaySearch operates in a range of geographic markets, which exposes the Group to a large number of laws, regulations, policies and guidelines in relation to health and safety, the environment, trade barriers, competition, exchange control and the delivery of systems and products. As a developer of medical devices, RaySearch's operations are governed by the requirements and standards determined by healthcare regulators. Consequently, changes may result in increased costs or barriers to sales of RaySearch's systems and products.

Like other companies in the same industry, RaySearch is dependent on assessments and decisions by the relevant authorities in most of the markets in which the company operates. Such assessments include product safety and permission to market and sell medical devices. Applications to such authorities require extensive documentation, and

unforeseen circumstances may delay the opportunity to introduce, market, sell and deliver systems and products, as well as prevent or restrict the commercial benefit and/or cause substantial additional costs.

To consistently produce high-quality products, reduce duplication of documentation for applications and to meet legal requirements, RaySearch conducts its operations in accordance with a quality management system that also complies with product safety standards issued by the International Electrotechnical Commission (IEC) and the International Organization for Standardization (ISO). The quality management system is evaluated and certified by external regulators and inspected regularly. Should serious exceptions be identified, for example, this could result in delays and suspended deliveries of RaySearch's systems and products.

RaySearch continuously evaluates the conditions for entering new markets. The opportunities and risks involved are taken into account. Many markets have their own regulatory requirements for registration, which could potentially delay marketing authorization and product releases.

Dependence on qualified personnel and key individuals

RaySearch is dependent on talent to develop its advanced medical technology systems, which requires highly qualified employees. The company's ability to attract, recruit and retain qualified personnel, a number of key individuals with specialized skills as well as management is crucial, and highly significant for the Group's future success.

Changes to reimbursement systems

RaySearch's ability to commercialize its solutions depends on the level of reimbursement that hospitals and clinics can receive. Reimbursement policies vary between countries and changes to current reimbursement systems in relation to health care products or the introduction of new rules could have a direct impact on demand for RaySearch's products.

Legal disputes

Through its operations, RaySearch is occasionally at risk of becoming involved in disputes related to its operating activities. Such disputes may involve product liability, contractual matters, intellectual property rights and alleged defects in deliveries of goods and services. Disputes can be costly, time-consuming and impede ongoing operations. Disputes relating to intellectual property rights are costly and may have a material impact on RaySearch's business and financial position. It may also be difficult to predict the outcome of complex disputes. Disputes related to RaySearch's product liability could include alleged negligence, warranty breach or malpractice, and lead to substantial costs regardless of whether or not RaySearch is held liable. RaySearch has product liability insurance, but there is a risk that future claims may exceed or fall outside the scope of the insurance coverage.

Changes to tax systems

RaySearch's business includes the development and delivery of software solutions and services in a wide range of jurisdictions. The activities are taxed in accordance with the laws of that jurisdiction. Changes in tax systems may affect the Group's tax liabilities and tax expenses, which may result in an increase or decrease of the financial results depending on the type of change that occurs.

International regulations governing the global tax environment are also subject to regular changes. The OECD (Organization for Economic Co-operation and Development) has proposed a number of changes through the introduction of BEPS (Base Erosion and Profit Shifting). The implementation of these changes may result in a reallocation of profits between different jurisdictions and an increase or decrease in related tax expense and cash flows.

Financial risk

Through its operations, the RaySearch Group is exposed to various types of financial risk, such as currency risk, interest rate risk, credit risk and liquidity risk.

Currency risk is the risk of fluctuations in the value of future business transactions and recognized assets and liabilities in foreign currency due to changes in exchange rates. Interest rate risk refers to the risk that changes in interest rates will have a negative impact on RaySearch's results. Credit risk arises partly through financial credit risk related to cash and cash equivalents and balances with banks and financial institutions, through credit exposure from transactions with customers and distributors. Liquidity risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulty in securing external loans. Some of RaySearch's loan agreements include financial covenants, as of June 2023 the only covenants that exist are connected to the equity/assets ratio. The inability to maintain appropriate levels of the equity/assets ratio could result in breaches of the company's financial covenants whereby loan agreements must be renegotiated or existing loans repaid.

RaySearch's risk management is managed by the Group's Finance Department, which identifies, evaluates and hedges financial risks. This is carried out in accordance with the Board's established policies for overall risk management and the Group's financial policy, which form a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

RaySearch has increased exposure to exchange-rate fluctuations due to its international business and structure. Exposure is mainly the result of having costs in SEK, while most of the company's revenue is in USD and EUR.

In accordance with the established financial policy, currency hedging is not applied. The financial policy is updated at least once a year.

For more information about financial risk and financial risk management, refer to note 17D on page 68.

MULTI-YEAR OVERVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	2023	2022	2021	2020 ¹	2019 ¹
Net sales	1,022,159	843,648	641,673	648,824	717,698
Cost of goods sold	-106,578	-94,991	-50,397	-43,374	-72,365
Gross profit	915,581	748,657	591,276	605,450	645,333
Research and development costs	-237,736	-238,769	-233,443	-185,041	-174,670
Other operating expenses	-562,965	-467,144	-411,174	-426,663	-426,380
Operating profit/loss	114,880	42,744	-53,341	-6,254	44,283
Net financial items	-4,792	-10,369	-5,332	-3,012	-5,561
Profit/loss before tax	110,088	32,375	-58,673	-9,266	38,722
Tax	-28,516	-8,597	11,358	-2,005	-7,085
Profit/loss for the year	81,572	23,778	-47,315	-11,271	31,636
Earnings/loss per share before dilution	2.38	0.69	-1.38	-0.33	0.92
Earnings/loss per share after dilution	2.38	0.69	-1.38	-0.33	0.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000s	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020 ¹	2019-12-31 ¹
ASSETS					
Intangible fixed assets	530,455	518,663	523,109	486,817	428,406
Other fixed assets	619,765	729,365	705,268	226,631	259,128
Total fixed assets	1,150,220	1,248,028	1,228,377	713,448	687,534
Total current assets	802,446	627,922	516,369	577,164	581,802
TOTAL ASSETS	1,952,666	1,875,950	1,744,746	1,290,612	1,269,336
EQUITY AND LIABILITIES					
Equity attributable to Parent Company shareholders	735,232	657,156	628,312	673,385	686,693
Liabilities	1,217,434	1,218,794	1,116,434	617,227	582,642
TOTAL EQUITY AND LIABILITIES	1,952,666	1,875,950	1,744,746	1,290,612	1,269,336

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK 000s	2023	2022	2021	2020	2019
Cash flow from operating activities	455,931	320,657	238,162	328,720	296,259
Cash flow from investing activities	-209,330	-201,381	-237,631	-225,593	-212,046
Cash flow from financing activities	-56,350	-72,492	-72,234	-41,237	-87,598
Cash flow for the year	190,251	46,784	-71,703	61,890	-3,385

¹The figures for 2022 have been restated in accordance with note 30, Restatement of Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000s	NOTE	2023	2022
Net sales	2, 3	1,022,159	843,648
Cost of goods sold ¹	6	–106,578	–94,991
Gross profit		915,581	748,657
Other operating income	6, 7	21,900	49,504
Selling expenses	6	–362,846	–309,424
Administrative expenses	6	–195,163	–171,719
Research and development costs	6	–237,736	–238,769
Other operating expenses	6, 8	–26,856	–35,505
Operating profit	4, 5, 6, 7, 10	114,880	42,744
Financial income	11	4,904	1,109
Financial expenses	11	–9,696	–11,478
Net financial items		–4,792	–10,369
Profit before tax		110,088	32,375
Tax	12	–28,516	–8,597
Profit for the year		81,572	23,778
Other comprehensive income			
Items to be reclassified to profit or loss			
Translation difference of foreign operations for the year		–3,496	5,066
Items not to be reclassified to profit or loss		–	–
Comprehensive income for the year		78,076	28,844
Attributable to:			
Parent Company shareholders		78,076	28,844
Earnings per share before and after dilution	13	2.38	0.69
Number of shares, thousands	13	34,283	34,283

¹ Comprises costs for hardware and license costs paid, but not amortization of capitalized development costs, which are included in research and development costs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000s	NOTE	Dec 31, 2023	Dec 31, 2022
ASSETS			
Fixed assets			
Capitalized development costs	2, 14	530,339	518,321
Other intangible fixed assets	2, 14	116	342
Right-of-use assets	2, 10	500,776	540,209
Equipment, fixtures and fittings	2, 15	89,640	108,861
Deferred tax assets	21	5,729	25,598
Other long-term receivables	17, 18, 22	23,620	54,697
Total fixed assets		1,150,220	1,248,028
Current assets			
Billed customer receivables	17, 18	240,101	250,073
Unbilled customer receivables	17, 18	143,626	120,496
Inventories	25	9,320	14,091
Tax assets		12,001	11,282
Other receivables		18,065	16,413
Prepaid expenses	19	35,652	55,299
Cash and cash equivalents	20	343,681	160,268
Total current assets		802,446	627,922
TOTAL ASSETS		1,952,666	1,875,950

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT

SEK 000s	NOTE	Dec 31, 2023	Dec 31, 2022
EQUITY			
Share capital		17,141	17,141
Other paid-in capital		1,975	1,975
Translation reserve		-5,866	-2,370
Retained earnings, including profit for the year		721,982	640,410
Equity attributable to Parent Company shareholders		735,232	657,156
Total equity		735,232	657,156
LIABILITIES			
Deferred tax liabilities	21	109,530	106,874
Long-term lease liabilities	10, 17	431,977	474,079
Other long-term liabilities	17	878	743
Total long-term liabilities		542,385	581,696
Accounts payable	17	42,085	24,030
Tax liabilities		5,486	4,980
Current lease liabilities	10	97,381	81,307
Other liabilities		27,241	15,358
Contract liabilities	24	461,140	460,713
Accrued expenses and deferred income	24	41,716	50,710
Total current liabilities		675,049	637,098
Total liabilities		1,217,434	1,218,794
TOTAL EQUITY AND LIABILITIES		1,952,666	1,875,950

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000s	Share capital	Other paid-in capital	Translation reserve	Retained earnings including profit for the year	Total equity attributable to Parent Company shareholders
Opening equity Jan 1, 2022	17,141	1,975	-7,436	616,632	628,312
Profit for the year				23,778	23,778
Other comprehensive income for the year			5,066		5,066
Comprehensive income for the year			5,066	23,778	28,844
Closing equity, Dec 31, 2022	17,141	1,975	-2,370	640,410	657,156
Opening equity Jan 1, 2023	17,141	1,975	-2,370	640,410	657,156
Profit for the year				81,572	81,572
Other comprehensive income for the year			-3,496		-3,496
Comprehensive income for the year			-3,496	81,572	78,076
Closing equity, Dec 31, 2023	17,141	1,975	-5,866	721,982	735,232

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK 000s	NOTE	2023	2022
Operating activities			
Profit before tax		110,088	32,375
Adjusted for non-cash items	20	300,825	296,103
Taxes paid		-16,368	-13,816
Cash flow from operating activities before changes in working capital		394,545	314,662
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		31,781	-66,036
Increase (+)/Decrease (-) in operating liabilities		29,605	72,031
Cash flow from operating activities		455,931	320,657
Investing activities			
Investments in capitalized development costs	14	-185,035	-187,986
Acquisition of tangible fixed assets	15	-24,295	-13,395
Cash flow from investing activities		-209,330	-201,381
Financing activities			
Repayment of lease liabilities	10	-56,350	-51,224
Change in overdraft facility		-	-21,268
Cash flow from financing activities		-56,350	-72,492
Cash flow for the year		190,251	46,784
Cash and cash equivalents at the beginning of the year		160,268	102,535
Exchange-rate difference in cash and cash equivalents		-6,838	10,949
Cash and cash equivalents at year-end	20	343,681	160,268

Cash and cash equivalents consist of bank balances.

PARENT COMPANY INCOME STATEMENT

SEK 000s	NOTE	2023	2022
Net sales	3	780,348	620,315
Cost of goods sold ¹	6	-40,869	-28,688
Gross profit		739,479	591,627
Other operating income	7, 8	19,961	47,917
Selling expenses	6	-209,472	-169,489
Administrative expenses	6	-245,898	-217,833
Research and development costs	6	-203,363	-203,678
Other operating expenses	8	-24,258	-34,882
Operating profit	3, 6, 7, 8	76,449	13,662
Interest income and similar profit items	11	4,781	1,055
Interest expense and similar loss items	11	-646	-2,320
Profit after financial items		80,584	12,397
Appropriations		-	-
Profit before tax		80,584	12,397
Tax	12	-22,040	-3,775
Profit for the year		58,544	8,622

PARENT COMPANY COMPREHENSIVE INCOME

SEK 000s	2023	2022
Profit for the year	58,544	8,622
Other comprehensive income	-	-
Comprehensive income for the year	58,544	8,622

¹Comprises costs for hardware and royalties.

PARENT COMPANY BALANCE SHEET

SEK 000s	NOTE	Dec 31, 2023	Dec 31, 2022	SEK 000s	NOTE	Dec 31, 2023	Dec 31, 2022
ASSETS				EQUITY AND LIABILITIES			
Fixed assets				Equity			
Intangible fixed assets				Restricted equity			
Intangible fixed assets	14	116	342	Share capital ¹		17,141	17,141
Tangible fixed assets				Statutory reserve		43,630	43,630
Equipment, fixtures and fittings	15	44,603	56,525	Total restricted equity		60,771	60,771
Financial fixed assets				Unrestricted equity			
Participations in Group companies	16	3,958	3,958	Retained earnings		126,859	118,237
Deferred tax assets		3,183	23,992	Profit for the year		58,544	8,622
Long-term receivables from Group companies	22, 27	12,077	–	Total unrestricted equity		185,403	126,859
Other long-term receivables	22	6,190	8,510	Total equity		246,174	187,630
Total fixed assets		70,127	93,327	Untaxed reserves			
Current assets				Long-term liabilities			
Inventories	25	1,387	3,758	Other long-term liabilities	17	20,174	22,824
Accounts receivable (current billed customer receivables)	17, 18	136,413	122,963	Total long-term liabilities		20,174	22,824
Unbilled customer receivables	17, 18	73,789	46,498	Current liabilities			
Receivables from Group companies	17, 27	89,140	148,959	Accounts payable	17	49,437	18,957
Tax assets		7,587	7,294	Liabilities to Group companies	17, 27	20,505	18,989
Other receivables		16,393	11,833	Tax liabilities		1,115	–
Prepaid expenses and accrued income	19	43,819	48,240	Other liabilities		16,816	5,175
Cash and bank balances	20	214,201	79,903	Contract liabilities	24	268,294	270,094
Total current assets		582,729	469,447	Accrued expenses and deferred income	24	30,341	39,105
TOTAL ASSETS		652,856	562,774	Total current liabilities		386,508	352,320
				TOTAL EQUITY AND LIABILITIES		652,856	562,774

¹ Share capital at Dec 31, 2023: 7,654,975 Class A shares, 26,627,798 Class B shares.

STATEMENT OF CHANGES IN EQUITY

SEK 000s	Restricted equity		Unrestricted equity	Total
	Share capital	Statutory reserve		
Opening equity Jan 1, 2022	17,141	43,630	118,224	178,995
Adjusted opening balance			13	13
Comprehensive income for the year			8,622	8,622
Closing equity, Dec 31, 2022	17,141	43,630	126,859	187,630
Opening equity Jan 1, 2023	17,141	43,630	126,859	187,630
Comprehensive income for the year			58,544	58,544
Closing equity, Dec 31, 2023	17,141	43,630	185,403	246,174

PARENT COMPANY CASH FLOW STATEMENT

SEK 000s	NOTE	2023	2022
Operating activities			
Profit after financial items		80,584	12,397
Adjusted for non-cash items	20	22,532	31,869
Taxes paid		-10,603	-7,837
Cash flow from operating activities before changes in working capital		92,513	36,429
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		18,130	-3,135
Increase (+)/Decrease (-) in operating liabilities		30,630	64,269
Cash flow from operating activities		141,273	97,563
Investing activities			
Contributions to subsidiaries		-	-
Acquisition of intangible and tangible fixed assets	14, 15	-6,588	-8,712
Cash flow from investing activities		-6,588	-8,712
Financing activities			
Change in overdraft facility		-	-21,268
Increase in long-term liabilities		-	-
Cash flow from financing activities	23	0	-21,268
Cash flow for the year		134,685	67,583
Cash and cash equivalents at the beginning of the year		79,903	11,165
Currency effect in cash and cash equivalents		-387	1,155
Cash and cash equivalents at year-end	20	214,201	79,903

NOTES

NOTE 1 ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LAWS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International IFRS Interpretation Committee (IFRIC) as adopted by the EU. RFR 1, Supplementary Accounting Rules for Corporate Groups, issued by the Swedish Financial Reporting Board, has also been applied. Unless otherwise stated, these policies have been applied consistently for all years presented. The consolidated financial statements comprise the Parent Company RaySearch Laboratories AB (publ) and its subsidiaries.

The Parent Company applies the same accounting policies as the Group except in those instances specified below under "Parent Company's accounting policies."

INFORMATION REGARDING THE PARENT COMPANY

RaySearch Laboratories AB (publ) (Corporate Registration Number 556322-6157) is a Swedish registered limited liability company headquartered in Stockholm. The Parent Company's shares have been listed on Nasdaq Stockholm since 2003 and have been included in Nasdaq Stockholm's Mid Cap list of companies with a market capitalization between EUR 150 M and EUR 1 billion since 2016.

The street address of the head office is Eugeniavägen 18 C, SE-113 68 Stockholm, Sweden.

BASIS OF PREPARATION OF THE PARENT COMPANY'S AND THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency of the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise indicated, are rounded off to the nearest thousand.

Assets and liabilities are recognized at their historical cost. Preparing the financial statements in accordance with IFRS requires that company management make assessments and estimates, as well as assumptions that impact the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may vary from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period in which the change is made if the change only affects this period, or during the period in which the change is made and future periods if the change affects both the current period and future periods.

The accounting policies for the Group below have been applied consistently for all periods presented in the Group's financial statements, unless specified below. The Group's accounting policies have been applied consistently in regards to the recognition and consolidation of the Parent Company and subsidiaries.

Assessments made by company management in the application of IFRSs that have a significant impact on the financial statements and estimates that could require substantial adjustments in the financial statements of future years are described in greater detail in below.

NEW OR AMENDED STANDARDS EFFECTIVE ON OR AFTER JANUARY 1, 2023

New or amended standard are not considered to have any material impact on RaySearch's financial statements. New rules regarding a global minimum tax level, Pillar II, comes into force from 2024 with disclosure requirements in the annual report for the financial year 2023 for the groups affected. RaySearch's assessment is that the group will not in the near future be affected by Pillar II as the rules cover groups with a turnover of at least EUR 750 million.

NEW OR AMENDED ACCOUNTING STANDARDS EFFECTIVE ON OR AFTER JANUARY 1, 2023

New or amended accounting standards that were published but are not mandatory for 2023 were not adopted in advance by RaySearch. RaySearch's assessment is that they are not expected to have any material impact on the company's financial statements.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts business activities from which it generates revenue and incurs costs and for which independent financial information is available. The results of an operating segment are also monitored by the company's chief operating decision maker. In accordance with IFRS 8, segment information is provided for the Group only. The identification of reportable segments is based on the internal reporting to the chief operating decision maker. In RaySearch's financial statements, the Group comprises a single segment since the segments have similar economic properties and are similar in terms of the nature of the products, the customer categories to which the product is provided and how the company's products are distributed.

CLASSIFICATION

Fixed assets and long-term liabilities in the Parent Company and the Group essentially comprise amounts that are expected to be recovered or paid more than 12 months after the balance-sheet date. Current assets and current liabilities in the Parent Company and Group essentially only comprise amounts that the company expects to recover or receive payment for within 12 months of the balance-sheet date.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are companies that are under the controlling influence of the Parent Company, RaySearch Laboratories AB (publ). Controlling influence arises when RaySearch is exposed to, or has the right to, a variable return on its investment in the company and has the opportunity to impact this return through its influence over the company. When determining whether a controlling influence exists, such factors as shares

carrying potential voting rights are taken into consideration. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group, and excluded from the date on which that control ceases.

Participations in subsidiaries are recognized in the Parent Company using the acquisition method. Acquisition-related costs are expensed as incurred and not included in the carrying amount.

Transactions to be eliminated on consolidation

Receivables and liabilities, revenue or costs and unrealized gains and losses arising from intra-Group transactions are eliminated in the consolidated financial statements.

Translation reserve

The translation reserve includes all exchange-rate differences resulting from translating financial statements from foreign operations that have been prepared in a functional currency other than the Group's reporting currency.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency in the primary economic environments in which the companies conduct their business operations. Monetary assets and liabilities in foreign currency are recalculated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences arising from currency translations are recognized in profit for the year as other operating income and other operating expenses. Non-monetary assets and liabilities recognized at historic costs are translated to the exchange rate prevailing on the transaction date.

Financial statements of foreign operations

All exchange-rate differences that arise from currency translation of the results and financial position of Group companies from the company's functional currency to the Group's reporting currency are recognized in other comprehensive income and accrued in a separate component in equity. Assets and liabilities in foreign operations are translated to SEK based on the exchange rates applying at the balance-sheet date, while revenue and cost items are translated using an average exchange rate for the year or the exchange rate on the transaction date, depending on the nature of the transaction.

REVENUE

Four types of revenue

RaySearch's sales transactions normally involve four types of revenue: license revenue, support revenue, hardware revenue and revenue for training and other services. Licenses and support are sold via partners, distributors and directly to end customers.

Revenue is recognized in profit or loss when a promised good or service is transferred to a customer, which may be over time or at a point in time. Revenue is the amount of consideration the company expects to receive for transferring the goods or services. All revenue is recognized at the consideration the company expects to receive, less discounts granted, VAT and after elimination of intra-Group transactions. The Group recognizes

license revenue in connection with delivery, while support revenue is accrued on a straight-line basis over the support period. Hardware revenue is recognized when the hardware is delivered. Revenue for training is recognized over the period during which the training is provided.

Long-term receivables relating to revenue arise in connection with payment plans that allow the customer to pay parts of the consideration with a longer term than normal. The term of these payment plans normally varies between 18 and 24 months. Should a significant financing component be identified, the transaction price is adjusted by the interest income or interest expense over the relevant period.

Variable remuneration does not normally occur. If necessary, variable remuneration is determined in accordance with the expected value method and is not recognized until the company can determine with high probability that a significant revenue reversal will not be needed in the future. This assessment is based on historical data and forecasts.

If the services and products that RaySearch has delivered exceed the billable amount stated in the agreement between RaySearch and the customer, a contract asset is recognized. If the billed amount exceed the services delivered, a contract liability is recognized.

For pricing between the various performance obligations within a customer order, the Group applies the residual approach, which means the recognized revenue from a software license may vary between different customers.

Performance obligation	Allocation of revenue	Stand-alone selling prices
License revenue	Upon delivery of license key or similar	Remaining amount of transaction price
Support revenue	Straight-line over the support period	Estimated market price for services performed
Hardware revenue	Upon delivery of the hardware	Purchase price plus percentage mark-up
Training and other services	When the training or service is provided	Estimated market price for services performed

Refer to additional information regarding performance obligations and payment terms in Note 3.

COST OF GOODS SOLD

Cost of goods sold comprises costs of sold hardware and royalties for licensed software included in the company's software. Amortization of capitalized development costs is not included in cost of goods sold.

ADMINISTRATIVE EXPENSES

Audit fees refer to the review of the annual report and bookkeeping as well as the administration of the board and the managing director as well as other tasks assigned to the company's auditor. Fees relating to audit activities in addition to the audit assignment, primarily refer to review of the company's sustainability report. Tax advice includes both advice and tax compliance review. Assignments in addition to these have been classified as other services.

FINANCIAL INCOME AND EXPENSE

Financial income and expense

Financial income and expense comprises interest income on bank accounts and receivables, and exchange-rate differences.

FINANCIAL INSTRUMENTS

Financial instruments recognized on the balance sheet mainly include cash and cash equivalents, long-term and current unbilled customer receivables, accounts receivable (current billed customer receivables), accounts payable, interest-bearing liabilities and accrued expenses.

A financial asset or liability is recognized on the balance sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable and accounts payable are recognized on the balance sheet when an invoice has been sent, respectively received. Financial assets are recognized on the balance sheet until the right to use the lease has been realized, or the company no longer has a right to use the asset. The same applies for components of a financial asset. Financial liabilities are derecognized from the balance sheet when RaySearch has satisfied its obligation, or when the obligation is otherwise extinguished. The same applies for components of a financial liability.

RaySearch recognizes financial instruments that are due for settlement within 12 months as current assets and liabilities. Financial instruments not due to be settled within 12 months, and for which the company has an unconditional right to defer settlement of the assets or liabilities for at least 12 months after the reporting period, are recognized as long-term assets and liabilities.

The classification of financial assets that are debt instruments is based on the Group's business model within which the asset is held, and contractual cash flows of the asset. The Group's debt instruments are measured at amortized cost.

Financial assets measured at amortized cost

All financial assets, including cash and cash equivalents, accounts receivable and unbilled customer receivables are measured at amortized cost. According to the business model, assets measured at amortized cost are held to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The assets in this category are initially measured at fair value plus transaction costs. Receivables arise when RaySearch provides money, goods or services directly to a debtor with no intention of trading the receivable. Accounts receivable are initially recognized at the invoice amount. A financial instrument containing a financing component and with a credit period of more than year is initially recognized at the present value of all future payments. The assets are subsequently recognized using the effective interest method. Expected loss provisioning is applied for these assets. Refer also to Note 17A.

Financial liabilities measured at amortized cost

Financial liabilities are measured at amortized cost. Financial liabilities measured at amortized cost are initially measured at fair value including transaction costs. The liabilities are subsequently measured at amortized cost using the effective interest method, whereby the calculated change in value (effective interest) is recognized as interest income or interest expense in profit or loss. Refer also to Note 17B.

Impairment of financial assets

The Group's financial assets are subject to impairment of expected credit losses, mainly relevant for accounts receivable and unbilled customer receivables as well as cash and cash equivalents. The simplified

approach is applied for all accounts receivable and unbilled customer receivables. Under the simplified approach, a loan loss provision is recognized for the expected remaining maturity of the receivable. Cash and cash equivalents are managed in accordance with the Group financial policy and placed at counterparties with a good credit rating.

Expected credit losses are calculated as the product of probability of default, loss given default and exposure at default. In addition, any other current and forward-looking information is taken into account. A loan loss provision is recognized unless deemed insignificant. The calculation of expected credit losses accounts for any collateral and other credit enhancements in the form of guarantees. Changes in the loan loss provision are recognized in profit or loss. The Group derecognizes a receivable from the statement of financial position when it is certain that the debt will not be paid, and any active measures to collect payment have been terminated. Refer to the Credit risk in receivables section in note 17D.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized in the Group at cost less accumulated depreciation and impairment. The cost includes the purchase price and costs directly attributable to the asset to deliver it in place and in condition to be used in the manner intended by the acquisition. The accounting policies for impairment are presented below.

The carrying amount of a tangible fixed asset is derecognized from the statement of financial position upon disposal or divestment or when no future economic benefit is expected from use or disposal/divestment of the asset. The gain or loss arising from the disposal or divestment of an asset is the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognized as other operating income/expenses.

Depreciation principles

Depreciation is based on the initial cost less any residual value. Depreciation is applied straight-line over the estimated useful life. The estimated useful lives are as follows:

- computers and other technology 3–5 years
- equipment, tools, fixtures and fittings 5 years
- building equipment 5–10 years

The residual value and useful life of an asset are tested annually.

LEASES

Leases are recognized in the statement of financial position as a right-of-use asset and an associated liability from the date on which the leased asset is available for use by RaySearch. Right-of-use assets are recognized as an asset, and lease liabilities are divided into long-term and short-term liabilities.

RaySearch primarily leases office premises and vehicles. The leases normally apply for different durations and may include an option to extend.

An agreement may include both lease and non-lease components. RaySearch allocates the consideration in the agreement to lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leases contain no special terms or restrictions with the exception that the lessor retains the right to pledge leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities arising from a lease are initially measured at their present value. Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments dependent on an index or a rate, initially measured using an index or price on the commencement date
- amounts expected to be payable by the lessee under residual value guarantees

Lease payments to be made for reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, which is normally the case for the Group's leases, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group determines the incremental borrowing rate as follows:

- where possible, financing recently received from a third party is used as a starting point and is then adjusted to reflect changes in financing conditions since the financing was obtained
- adjustments are made for the specific terms of the agreement, such as lease term, country, currency and security.

Lease payments are divided between repayment of the principal portion of the lease liability and lease interest expense. Interest expense is shown on the income statement during the lease term in an amount representing a fixed interest rate for the lease liability recognized during each respective period.

Right-of-use assets are measured at cost and include:

- an amount corresponding to the lease liability and its initial recognition
- lease payments paid on or before the commencement date (less any benefits received)
- initial direct costs
- costs for returning the asset to its original condition

The right-of-use asset is usually depreciated over the shorter of the useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use is amortized over the useful life of the underlying asset.

Payments associated with short-term leases relating to equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense on the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

INTANGIBLE ASSETS

Research and development

Research costs related to obtaining new scientific or technical knowledge are recognized as an expense as incurred.

Development costs, whereby the research findings or other knowledge is applied to achieve new or improved products or processes, are recognized as an asset in the statement of financial position, provided the product or process is technically and commercially feasible and the company has sufficient resources to complete development, and subsequently to use or sell the intangible asset. The carrying amount includes all directly attributable expenses, such as personnel costs and cost of premises. Other development costs are recognized in profit or loss for the year as incurred. In the statement of financial position, capitalized development costs are recognized at cost less accumulated amortization and any impairment.

Other intangible assets

Other intangible assets acquired by the company are recognized at cost less accumulated amortization and any impairment losses.

Amortization principles

Amortization is recognized in profit for the year on a straight-line basis over the estimated useful lives of intangible assets. The useful lives are reviewed at least once annually. Capitalized development costs for which amortization has not commenced are tested for impairment annually or whenever circumstances indicate that the asset may be impaired. Intangible assets with determinable useful lives are amortized from the date on which the assets are available for use. The estimated useful lives are:

- capitalized development costs 5 years
- software 5 years

INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) method or weighted average cost. The cost of inventories includes all costs for purchasing hardware. Net realizable value is the expected selling price during the normal course of business less the estimated costs associated with the completion and sale of an asset.

When inventories are sold, the value of those inventories is recognized as an expense in the same period as the corresponding revenue is recognized. Inventories are written down to their net realizable value and all losses related to inventories are recognized as an expense in the same period as the write down or loss occurs.

IMPAIRMENT LOSSES

The carrying amounts of the Group's tangible and intangible assets are tested at every balance-sheet date to determine whether there is any indication of impairment. If any such indication is found, the recoverable amount of the asset is calculated as the higher of the value in use and the fair value less selling costs. An impairment loss is recognized if the recoverable amount is less than the carrying amount. The recoverable amount is determined based on discounted forecast future cash flows from the cash-generating units.

SHARE CAPITAL

Dividends

Dividends are recognized as liabilities following the AGM's approval of the dividend.

Earnings per share

Earnings per share are calculated on the basis of consolidated earnings attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year.

EMPLOYEE BENEFITS**Short-term remuneration**

Short-term remuneration to employees is estimated without discounting and is expensed when the related services have been received.

A provision is recognized for the expected cost of the profit-sharing and bonus payments when the Group becomes subject to a legal or informal obligation to make such payments because the services performed by the employees and the obligation can be measured reliably.

Defined-contribution plans

Plans in which the company's commitment is limited to the fees the company has undertaken to pay are classified as defined-contribution plans. In such cases, the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company plus the capital return that the contributions yield. The company's commitments to the plans are expensed against profit for the year as they are vested by the employee. The Group only has defined-contribution pensions. The Group's obligation for each period is determined by the amounts that the Group is to contribute for the actual period.

Termination of employment

An expense associated with the termination of employment is only recognized when the company is obligated to terminate an employment before the normal date.

TAXES

Income taxes consist of current tax and deferred tax. Income tax is recognized in profit or loss for the year except when the underlying transactions are recognized in other comprehensive income or in equity, whereby the associated tax effect is recognized in other comprehensive income or in equity.

Current tax is the tax payable or refundable for the current year, using the tax rates enacted or substantively enacted on the balance-sheet date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in subsidiaries are not taken into account when they are not expected to be reversed in the foreseeable future. The measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or decided in practice on the balance sheet date.

Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are only recognized insofar as they are likely to be utilized in the future. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Deferred tax assets and liabilities are recognized net when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities that intend to settle current liabilities and assets on a net basis.

PROVISIONS

Provisions are recognized on the balance sheet when the Group has an obligation (legal or constructive) due to a past event and it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are also made for events after the balance-sheet date to the extent they provide evidence of conditions that existed at the balance-sheet date, such as court rulings on disputes. If the Group expects to receive compensation corresponding to a provision made, through an insurance contract for example, the compensation is recognized as an asset in the balance sheet when it is virtually certain that compensation will be received. If the effect of the time value for the future payment is considered significant, the provision's value is determined by calculating the present value of the expected future payment using a discount rate before tax that reflects the current market assessment of the time value and any risks associated with the obligation. The gradual increase in the provisional amount entailed by the present value calculation is recognized as an interest expense in profit and loss.

CONTINGENT LIABILITIES

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events or when there is a present obligation that cannot be recognized as a liability or provision because it is not probable that an outflow of resources will be required.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company prepares its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires that the Parent Company's financial statements be prepared in accordance with IFRS as adopted by the EU to the extent permitted by Swedish accounting legislation and taking into account the relationship between relationship between financial reporting and taxation. The recommendation states the exceptions from and additions to IFRS that should be made. The differences between the accounting policies applied in the consolidated financial statements and those applied by the Parent Company are presented below. The accounting policies for the Parent Company stated below have been consistently applied in all periods presented in the financial statements of the Parent Company.

Classification and presentation

For the Parent Company, the terms income statement, balance sheet and cash-flow statement are used for the statements that the Group designates as statement of comprehensive income, statement of financial position and statement of cash flows. The income statement and bal-

ance sheet for the Parent Company are presented in the manner specified in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

Research and development

All development costs are recognized on the Parent Company's income statement as incurred. Such reporting is permitted in accordance with RFR 2. In the consolidated financial statements, these development costs are recognized as an asset in accordance with IAS 38.

Taxes

In contrast to the Group, untaxed reserves in the Parent Company are presented on the balance sheet without separate recognition of equity and deferred tax liabilities. Similarly in the income statement, the Parent Company does not allocate any appropriations to deferred tax expense.

Leased assets

IFRS 16 is not applied in the Parent Company, in accordance with the exemption in RFR 2, which means that lease payments are recognized as costs in the period they are incurred.

Subsidiaries

Participations in subsidiaries are recognized in the Parent Company less impairment, based on the reported equity in the subsidiary. Acquisition-related costs are included in cost.

Financial instruments

Due to the relationship between financial reporting and taxation, the requirements for recognition and measurement of financial instruments in IFRS 9 are not applied in the Parent Company as a legal entity. The Parent Company applies the cost method in accordance with the Swedish Annual Account Act instead. In the Parent Company, financial fixed assets are therefore measured at cost and current assets according to the lower value method, with the application of impairment for expected credit losses according to IFRS 9 in relation to assets that are debt instruments. For other financial assets, impairment is based on their fair value.

Impairment of intra-Group receivables

The Parent Company's receivables from subsidiaries correspond, in all material respects, to receivables from the US subsidiary. At the balance-sheet date, no significant increase in credit risk was considered to exist for any intra-Group receivable. Such assessments are based on a review of the subsidiary's long-term repayment capacity. Based on the Parent Company's assessments according to the method described above, with account for other known information and forward-looking factors, expected credit losses were not deemed significant and no provision was therefore recognized.

SIGNIFICANT ESTIMATES AND ASSESSMENTS

Preparation of the financial statements in accordance with IFRS and generally accepted accounting principles in Sweden requires estimates and

assumptions to be made that affect the recognized asset and liability items, revenue and expense items, and other information provided.

These estimates and assumptions are usually based on historical experience, but also on other factors including expectations of future events. Other estimates and assumptions may produce different results and the actual outcome will rarely be fully consistent with the estimated outcome. RaySearch assesses that the areas in which the estimates and assumptions will have the greatest impact are:

- Revenue from Contracts with Customers
- Customer receivables
- Recognition and impairment testing of capitalized development costs

Revenue from Contracts with Customers

Revenue is recognized in profit or loss when RaySearch has satisfied a performance obligation. The definition of when a such an obligation has been satisfied is when the control of the promised goods or services has been transferred to the customer. Revenue can be recognized over time, or at a point in time. When the obligation has been satisfied, there is an unconditional right to receive consideration.

In some cases, allocation of the transaction price to each specific performance obligation requires estimates be made to determine how the transaction price should be allocated. This allocation is based on the stand-alone selling price for each of the performance obligations identified.

Customer receivables

RaySearch has three types of customer receivables depending on whether a payment plan exists, the due date for payment and whether billing has taken place. These receivables are classified as Long-term unbilled receivables, Current unbilled receivables and Current billed receivables (accounts receivable). Unbilled receivables comprise contract assets as described in the section on revenue recognition in the Group's accounting policies.

The Group's and Parent Company's billed and unbilled customer receivables add up to a significant amount. The recognition of loan loss provisions for expected credit losses on accounts receivable and unbilled customer receivables therefore requires an assessment of which of these hold a risk for loss. The measurement of expected bad debt is based on regularly updated forecasts and assumptions regarding the ability of counterparties to pay. See a further explanation in note 17D.

Recognition and impairment testing of capitalized development costs

The Group invests considerable amounts in research and development, parts of which are recognized as intangible assets, refer also to Note 11. The recognition of development costs as an asset requires assessments of whether the product is expected to become technically and commercially viable and whether future economic benefits are probable. Capitalized development costs are amortized over a maximum estimated useful life of five years. The estimated sales volume and useful life, respectively, may be retested, which may result in impairment. See a further explanation in note 14.

NOTE 2 INFORMATION ABOUT GEOGRAPHIC AREAS

The identification of reportable segments is based on the internal reporting to the chief operating decision maker. In the internal reporting, the Group is a segment.

DISTRIBUTION OF FIXED ASSETS, GROUP

SEK 000s	Tangible fixed assets		Intangible fixed assets	
	2023	2022	2023	2022
Sweden	507,429	546,276	522,350	518,663
US	78,163	96,845	5,975	–
Belgium	621	1,546	1,287	–
France	1,320	1,379	–	–
UK	–	–	843	–
Germany	933	990	–	–
Singapore	129	116	–	–
Japan	150	229	–	–
South Korea	257	476	–	–
China	1,339	1,167	–	–
India	59	11	–	–
Australia	19	35	–	–
Group total	590,419	649,070	530,455	518,663

The distribution is broken down among the registered offices of the Group's legal entities.

Sales

RaySearch's products are sold directly to end customers, via distributors and via partners. Sales had the following geographic distribution based on the location of the end customers:

DISTRIBUTION OF SALES, LOCATION OF END CUSTOMER

SEK 000s	2023	2022
US	374,271	321,935
France	91,542	61,377
Japan	90,624	102,305
UK	67,613	39,253
China	53,092	29,575
Switzerland	43,013	8,326
Canada	38,642	75,984
Germany	32,270	34,478
Austria	26,732	8,726
Italy	25,172	12,165
Belgium	23,663	12,472
Netherlands	19,635	13,411
South Korea	18,875	12,582
Thailand	17,171	10,958
Other countries	99,844	100,101
Group total	1,022,159	843,648

There is no single customer that represents more than 10 percent of the Group's net sales.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

RaySearch's products are sold directly to end customers, via distributors and via partners. Sales had the following geographic distribution based on the location of the end customers.

REVENUE DISTRIBUTION – GROUP

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Revenue by type				
Licenses	441,791	388,456	286,146	203,251
Support (incl. warranty support)	415,873	323,104	221,932	167,237
Hardware	128,379	105,760	48,601	32,184
Training and other	36,116	26,328	18,221	13,558
Intra-Group revenue	–	–	198,917	199,454
Intra-Group management fee	–	–	6,351	4,631
Total revenue by type	1,022,159	843,648	780,168	620,315
Revenue by geographic market				
Americas	412,913	397,919	181,284	179,250
Asia-Pacific & Middle East	217,559	183,420	210,669	176,485
Europe and rest of the world	391,687	262,309	388,395	264,580
Total revenue by geographic market	1,022,159	843,648	780,348	620,315
Revenue recognized at a point in time				
Goods/services transferred at a point in time	570,170	494,216	533,664	434,889
Services transferred over time	451,989	349,432	246,684	185,426
Total revenue recognized at a point in time	1,022,159	843,648	780,348	620,315

¹ Koncerninterna intäkter består utav licenser, support, hårdvara samt utbildning och övriga intäkter.

CUSTOMER RECEIVABLES AND CONTRACT BALANCES

AMOUNTS IN SEK 000s	Dec 31, 2023	Dec 31, 2022
Long-term receivables (note 22)	22,195	54,334
Billed customer receivables (note 17)	240,101	250,073
Unbilled customer receivables (note 17)	143,626	120,496
Total customer receivables (note 20)	405,922	424,903
Contract liabilities		
Contract liabilities (note 24)	–461,140	–460,713
Revenue recognized during the period, of which		
Revenue included in opening contract liabilities	189,129	193,215

Long-term receivables comprise a number of customer contracts with payment plans ("payment plan" refers to an arrangement that allows the customer to pay parts of the consideration with a longer term than normal. The decrease compared with the previous year is mainly due to a number of receivables that were reclassified as current receivables. Current billed receivables (accounts receivable) are non-interest bearing and fall due for payment within 30 to 90 days. Current unbilled receivables are not non-interest bearing and fall due within 12 months of the balance-sheet date. Non-current unbilled receivables are not non-interest bearing and fall due later than 12 months from the balance-sheet date. Contract liabilities include prepaid warranty and support revenue that have been billed but where the revenue has been allocated to the period in which the customer received the support.

PERFORMANCE OBLIGATIONS

Customer contract	When the obligation is typically satisfied	When payment typically falls due	How the transaction price is determined
License and product revenues			
Software licenses	Upon delivery of license key or when the license is available for download (at a point in time).	Within 30–60 days of delivery (RayStation) or installation (RayCare), provided a payment plan does not exist.	Remaining amount after allocation of transaction price to other performance obligations.
Additional features	Upon delivery of license key or when the license is available for download (at a point in time).	Within 30–60 days of delivery.	Estimated fair market value of features for which development is carried out.
Hardware	When control of the hardware is transferred to the customer, typically upon delivery of the hardware.	Within 30–90 days of delivery, provided a payment plan does not exist.	Observable purchase price plus market-based margin.
Support revenue			
Updates of software licenses and customer support	Proportional over the warranty period or support agreement (over time)	Within 30 days of commencement of the contract period, or allocated in periods over the length of the contract period.	Observable price according to separate contract or agreement to renew.
Professional services			
Training and other services	When the training or service is provided (over time).	Within 30–90 days of providing the service.	Observable price according to agreement with customer where the service is sold separately.

At December 31, the remaining obligations at the end of the period are distributed as follows:

AMOUNTS IN SEK 000s	Dec 31, 2023	Dec 31, 2022
Within 1 year	460,796	441,068
Later than 1 year	1,403,597	1,499,007
Group total	1,864,393	1,940,075

The above remaining performance obligations primarily pertain to support commitments (including warranty support). These accounted for 72 percent (71) of the total order backlog at year-end.

NOTE 4 EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION OF SENIOR EXECUTIVES
COSTS FOR REMUNERATION OF PARENT COMPANY AND GROUP EMPLOYEES

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Salaries and remuneration	337,143	308,147	196,575	182,202
Pension costs, defined-contribution plans	33,780	33,271	30,580	30,086
Social security contributions	81,873	74,325	54,424	51,227
Total	452,796	415,743	281,579	263,515

NUMBER OF EMPLOYEES	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Sweden	270	277	270	277
US	39	43		
Benelux	10	10		
France	12	12		
UK	6	5		
Germany	12	11		
Singapore	4	4		
China	7	7		

NUMBER OF EMPLOYEES	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Japan	8	6		
South Korea	3	3		
India	3	2		
Australia	2	2		
Total	376	382	270	277
Of which:				
Men	242	246	175	179
Women	134	136	95	98

GENDER DISTRIBUTION IN COMPANY MANAGEMENT

There are three female senior executives in the Parent Company (of whom one consultant), corresponding to 25 percent (9), and one female Board member, corresponding to 20 percent (25).

SALARIES, OTHER REMUNERATION OF SENIOR EXECUTIVES AND OTHER EMPLOYEES, AND SOCIAL SECURITY COSTS

GROUP, SEK 000s	2023		2022	
	Senior executives and Board members (16)	Other employees	Senior executives and Board members (17)	Other employees
Salaries and other remuneration	28,959	308,184	25,613	282,534
(of which, variable compensation)	3,024	23,013	669	13,184
Social security costs	15,504	100,149	13,259	94,337
(of which pension costs)	5,155	28,625	4,363	28,908
Group total	44,463	408,333	38,872	376,871

SALARIES AND OTHER REMUNERATION TO SENIOR EXECUTIVES AND OTHER EMPLOYEES, AND SOCIAL SECURITY EXPENSES IN THE PARENT COMPANY

PARENT COMPANY, SEK 000s	2023		2022	
	Senior executives and Board members (16)	Other employees	Senior executives and Board members (17)	Other employees
Salaries and other remuneration	28,959	167,616	25,613	156,589
(of which, variable compensation) ¹	3,024	1,151	669	652
Social security costs	15,504	69,500	13,259	68,054
(of which pension costs)	5,155	25,425	4,363	25,723
Parent Company total	44,463	237,116	38,872	224,643

¹ No bonus provided for the CEO in 2022

SALARIES AND OTHER REMUNERATION OF BOARD MEMBERS AND GROUP MANAGEMENT

2023	Basic salary, Board fees	Audit Committee	Other remuneration	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Carl Filip Bergendal	225						225
Board member Hans Wigzell	840						840
Board member Britta Wallgren	300						300
Board member Mårder Günther	300						300
CEO Johan Löf	6,455			2,202	507	594	9,758
Deputy CEO Björn Hårdemark	2,751				198	587	3,536
Other senior executives (10)	13,891		—	822	468	3,974	19,155
Total	24,762	0	0	3,024	1,173	5,155	34,114

2022	Basic salary, Board fees	Audit Committee	Other remuneration	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Lars Wollung	210	25					235
Chairman of the Board Carl Filip Bergendal	300	100					400
Board member Hans Wigzell	705						705
Board member Johanna Öberg	75	25					100
Board member Britta Wallgren	300						300
Board member Mårder Günther	193						193
CEO Johan Löf	5,859				478	562	6,899
Deputy CEO Björn Hårdemark	2,573				158	536	3,268
Other senior executives (9)	13,533		—	669	411	3,264	17,876
Total	23,748	150	0	669	1,047	4,362	29,976

Basic salary includes vacation pay, pension costs excluding special employer's contribution.

No share-based remuneration was paid.

VARIABLE REMUNERATION

Variable remuneration payable to the CEO is based on the Group's earnings and amounts to 2 percent of profit before tax and is capped at 12 months' salary. The Director of Sales and Marketing and the Director of Sales for Asia-Pacific & Middle East receive variable remuneration based on sales in their respective regions. For the employees of foreign subsidiaries, variable remuneration related to sales and achievement of established targets is paid.

PENSIONS

All pension plans are defined-contribution plans. The retirement age for the CEO and senior executives is 65, and the pension premium is equivalent to the Swedish ITP plan. No other pension obligations exist.

TERMINATION OF EMPLOYMENT

The notice period may not exceed 12 months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for 18 months. The period of notice may not exceed six months without any right to severance pay for termination by the executive.

DECISION-MAKING PROCESS

The decision-making process regarding remuneration and benefits is described in greater detail in the Administration Report.

NOTE 5 AUDITORS' FEES AND COMPENSATION FOR EXPENSES

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Auditing assignments	8,873	7,660	8,873	7,369
Of which Deloitte	2,996		2,996	
Of which EY	5,877	7,660	5,877	7,369
Audit activities other than audit assignment		1,425		1,425
Of which Deloitte				
Of which EY		1,425		1,425
Tax consultancy services		52		52
Of which Deloitte				
Of which EY		52		52
Total	8,873	9,137	8,873	8,846
Other auditors				
Auditing assignments	513	177		
Other services	25			
Total	538	177	0	0

At the 2023 AGM, the registered accounting firm Deloitte AB was elected auditor of RaySearch Laboratories AB (publ) for the period until the end of the next AGM. Authorized Public Accountant Kent Åkerlund is auditor-in-charge.

NOTE 6 OPERATING EXPENSES SPECIFIED BY TYPE OF COSTS

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Hardware costs	-102,630	-90,428	-37,872	-24,147
Intra-Group management fee	–	–	-122,885	-98,364
Personnel expenses	-298,450	-253,305	-309,065	-287,120
Depreciation/amortization and impairment ¹	-286,154	-296,994	-18,736	-21,657
Other operating income and expenses ²	-212,446	-172,614	-208,390	-186,906
Exchange rate differences	-7,599	12,437	-6,951	11,541
Total	-907,279	-800,904	-703,899	-606,653

¹ Amortization of capitalized development costs and depreciation of hardware leased to customers amounting to 951 (438) are included in depreciation/amortization and impairment in the table above.

² Royalties for licensed software are included in Other operating income and expenses in an amount of 2,997 (4,563). Amortization and capitalization of development costs are included in the recognized research and development costs.

NOTE 7 OTHER OPERATING INCOME

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Exchange-rate gains on operating receivables/liabilities	19,572	47,942	17,307	46,423
Other operating income	2,643	1,562	2,654	1,494
Total	22,215	49,504	19,961	47,917

NOTE 8 OTHER OPERATING EXPENSES

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Exchange-rate losses on operating receivables/liabilities	-26,856	-35,505	-24,258	-34,882
Total	-26,856	-35,505	-24,258	-34,882

NOTE 9 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Intangible fixed assets				
Amortization and impairment according to function				
Administrative expenses	-226	-233	-226	-233
Research and development	-172,606	-192,199	–	–
	-172,832	-192,432	-226	-233
Tangible fixed assets				
Cost of goods sold	-951	-438	–	–
Selling expenses	-50,531	-44,915	-946	-1,989
Administrative expenses	-19,435	-19,026	-9,393	-10,131
Research and development	-42,405	-40,183	-8,171	-9,304
	-113,322	-104,562	-18,510	-21,424
Total depreciation/amortization	-286,154	-296,994	-18,736	-21,657
Depreciation of right-of-use assets amounts to	-71,503	-65,361		

NOTE 10 LEASES

GROUP	Dec 31, 2023			Dec 31, 2022		
	Rented buildings	Vehicles and other	Total	Rented buildings	Vehicles and other	Total
SEK 000s						
Accumulated cost						
Opening balance	641,162	14,840	656,002	573,046	11,013	584,059
Remeasurement	27,131		27,131	44,947	–	44,947
New acquisitions and additional leases	909	5,344	6,253	10,348	2,787	13,135
Divestments, disposals and terminated leases	-820	-5,638	-6,458			–
Translation difference for the year	-2,243	11	-2,232	12,821	1,040	13,861
Closing balance	666,139	14,557	680,696	641,162	14,840	656,002
Accumulated depreciation						
Opening balance	-106,313	-9,480	-115,793	-39,206	-4,665	-43,871
Divestments, disposals and terminated leases	572	4,266	4,838	–	-282	-282
Depreciation for the year	-67,851	-3,652	-71,503	-61,634	-3,727	-65,361
Translation difference for the year	2,513	25	2,538	-5,473	-806	-6,279
Closing balance	-171,079	-8,841	-179,920	-106,313	-9,480	-115,793
Closing carrying amount	495,060	5,716	500,776	534,849	5,360	540,209

SIGNIFICANT LEASES

Significant leases pertains to a rental agreement for the head office in Stockholm that expires on September 30, 2031 and where the rent is indexed annually, and rental agreements for offices in New York and San Francisco in the US that expire on May 31, 2028 and March 16, 2024, respectively. In 2023, total cash flow related to leases was KSEK 67,872 (63,418).

LEASE LIABILITIES

Lease liabilities fall due for payment as follows:	Contractual cash flows	Carrying amount
2023		
Within 1 year	97,469	97,381
2–5 years	298,698	270,885
More than 5 years	165,450	161,092
Total	561,618	529,358
2022		
Within 1 year	67,225	81,307
2–5 years	305,857	259,355
More than 5 years	220,925	214,723
Total	594,007	555,386

SEK 000s	GROUP	
	2023	2022
Opening balance	555,386	540,130
Acquisitions during the period ¹	6,253	13,135
Redemption	–1,620	–282
Remeasurement of leases ²	27,131	44,947
Lease payments paid	–56,350	–51,224
Currency changes	–1,442	8,680
Closing balance	529,358	555,386
Of which short-term portion	97,381	81,307

¹ Pertains to offices in China, and vehicles in the Parent Company and other Group companies.

² Pertains to indexation of rental agreements for the head office premises in Stockholm

The calculation of lease liability does not include short-term leases or low-value leases.

At December 31, 2023, no significant leases had been signed in the Group that were not yet recognized on the balance sheet.

LEASE PAYMENTS

SEK 000s	GROUP	
	2023	2022
Amortization of capitalized development costs	–71,503	–65,361
Interest expense lease liabilities (included in financial expenses)	–9,048	–9,159
Expenses attributable to short-term leases (included in administrative expenses)	–1,866	–2,779
Expenses attributable to leases where the underlying asset is of low value that are not short-term leases (included in administrative expenses)	–608	–256
Total	–83,025	–77,555

SEK 000s	PARENT COMPANY	
	2023	2022
Lease payments for the year	68,458	60,665
Future lease payments for leases that mature:		
Within 1 year	74,522	60,835
Later than 1 but within 5 years	298,088	240,948
Later than 5 years	204,936	229,057
Total	577,546	530,840

NOTE 11 FINANCIAL INCOME AND EXPENSE

SEK 000s	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Interest income on cash and cash equivalents	4,500	356	4,378	302
Interest income on accounts receivable and other receivables	404	753	403	753
Interest income Group companies				–
Total interest income according to effective interest method	4,904	1,109	4,781	1,055
Interest expense on other liabilities to credit institutions ¹	–639	–2,322	–639	–2,320
Interest expense lease liabilities	–9,048	–9,156	–	–
Other financial expenses	–9	–	–7	0
Total interest expense according to effective interest method	–9,696	–11,478	–646	–2,320
Net	–4,792	–10,369	4,135	–1,264

¹ The interest expense for the credit facility is based on STIBOR + 1.5% with a zero floor.

All interest income and interest expense is derived from financial assets and liabilities measured at amortized cost.

NOTE 12 TAX ON PROFIT FOR THE YEAR

SEK 000s	GROUP	
	2023	2022
Current tax expense		
Tax expense for the period	–8,613	–6,473
Tax related to previous years	2,659	–10
	–5,954	–6,483
Deferred tax expense/income		
Deferred tax for temporary differences on capitalized development costs and leases	–2,201	1,562
Deferred tax attributable to loss carryforwards	–13,752	–1,969
Deferred tax related to other temporary differences	–6,609	–1,707
	–22,562	–2,114
Total tax expense/income recognized in the Group	–28,516	–8,597
Reconciliation of effective tax		
Recognized profit before tax	110,088	32,375
Tax at current tax rate of 20.6 percent (20.6)	–22,678	–6,669
Effect of other tax rates for foreign companies	106	–745
Tax attributable to earlier years	328	–10
Withholding tax paid	–2,754	–729
Effect of non-deductible income/expenses	–3,497	–708
Utilization of non-capitalized loss carryforwards	–21	–
Effect of loss carry-forwards not previously capitalized	–	264
Standard interest on tax allocation reserve	–	–
Recognized effective tax	–28,516	–8,597

SEK 000s	PARENT COMPANY	
	2023	2022
Tax expense for the year		
Tax expense for the period	-3,468	-1,071
Tax related to previous years	2,237	—
Change in deferred tax	-20,809	-2,704
Total tax expense recognized in the Parent Company	-22,040	-3,775
Reconciliation of effective tax		
Recognized profit before tax	80,584	12,397
Tax at current tax rate of 20.6 percent (20.6)	-16,600	-2,554
Effect of non-deductible expenses/income	-2,541	-526
Withholding tax paid ¹	-2,754	-850
Withholding tax paid/Utilization of non-capitalized loss carryforwards	—	155
Tax attributable to earlier years	-145	—
Standard interest on tax allocation reserve	—	—
Recognized effective tax	-22,040	-3,775

¹Withholding tax paid is largely attributable to orders in Korea.

NOTE 13 DIVIDEND PER SHARE, EARNINGS PER SHARE AND NUMBER OF SHARES

	2023	2022
Proposed dividend per share	2.0	—
Total number of shares at beginning of the year	34,282,773	34,282,773
Number of shares outstanding at beginning of the year	34,282,773	34,282,773
Number of shares outstanding at year-end	34,282,773	34,282,773
Average number of shares outstanding during the period	34,282,773	34,282,773
Profit for the year attributable to Parent Company shareholders (before and after dilution)	81,572	23,778
Profit per share before/after dilution	2.38	0.69

NOTE 14 INTANGIBLE FIXED ASSETS

GROUP	Dec 31, 2023			Dec 31, 2022		
	Capitalized development costs	Other intangible fixed assets	Total	Capitalized development costs	Other intangible fixed assets	Total
SEK 000s						
Accumulated cost						
Opening balance	1,652,347	2,332	1,654,679	1,464,361	2,332	1,466,693
Internally developed assets during the year	185,035	—	185,035	187,986	—	187,986
Translation difference for the year	-434	—	-434	—	—	—
Closing balance	1,836,948	2,332	1,839,280	1,652,347	2,332	1,654,679
Accumulated amortization and impairment						
Opening balance	-1,134,026	-1,990	-1,136,016	-941,827	-1,757	-943,584
Amortization for the year	-172,606	-226	-172,832	-192,199	-233	-192,432
Translation difference for the year	23	0	23	—	—	—
Closing balance	-1,306,609	-2,216	-1,308,825	-1,134,026	-1,990	-1,136,016
Closing carrying amount	530,339	116	530,432	518,321	342	518,663

GROUP AND PARENT COMPANY

SEK 000s	Dec 31, 2023	Dec 31, 2022
	Other intangible fixed assets	Other intangible fixed assets
Accumulated cost		
Opening balance	2,332	2,332
Acquired during the year	—	—
Closing balance	2,332	2,332
Accumulated amortization and impairment		
Opening balance	-1,990	-1,757
Amortization for the year	-226	-233
Closing balance	-2,216	-1,990
Closing carrying amount	116	342

Other intangible assets pertain to software licenses.

Capitalized development costs pertains to the development of new versions of RaySearch's software products. These development costs are capitalized and amortized over a period of five years from when the products are brought to market and the asset is thus regarded as starting to contribute to the company's revenue.

IMPAIRMENT TESTING OF INTERNALLY GENERATED INTANGIBLE ASSETS

Internally generated intangible assets are tested annually for impairment, and whenever there is an indication of impairment, by comparing the carrying amounts with estimates of value in use. The estimates are

measured using cash flow forecasts based on company management's budget forecasts and additional assessments, and cover a five-year forecast period. At the end of the fifth year, a terminal value is calculated based on a growth rate of 2 percent [2].

Forecast cash flows have been discounted to present value using a discount rate of 10.2 percent [13]. The discount interest rate is determined on the basis of risk-free interest plus a surcharge for the risk premium for the particular operating segment. The estimated value-in-use exceeds the carrying amount by such a high margin that company management believes there are no indications of impairment.

NOTE 15 TANGIBLE FIXED ASSETS

GROUP	Dec 31, 2023	Dec 31, 2022
SEK 000s	Equipment, fixtures and fittings	Equipment, fixtures and fittings
Accumulated cost		
Opening balance	243,374	224,374
New acquisitions	24,295	13,395
Divestments and disposals	-34	-9,367
Translation difference for the year	-5,203	14,972
Closing balance	262,432	243,374
Accumulated depreciation		
Opening balance	-134,513	-98,023
Divestments and disposals	34	9,357
Depreciation for the year	-41,819	-39,201
Translation difference for the year	3,506	-6,646
Closing balance	-172,792	-134,513
Closing carrying amount	89,640	108,861

PARENT COMPANY	Dec 31, 2023	Dec 31, 2022
SEK 000s	Equipment, fixtures and fittings	Equipment, fixtures and fittings
Accumulated cost		
Opening balance	129,883	127,606
New acquisitions	6,588	8,724
Divestments and disposals	-34	-6,447
Translation difference for the year	-	-
Closing balance	136,437	129,883
Accumulated depreciation		
Opening balance	-73,358	-58,381
Divestments and disposals	34	6,447
Depreciation for the year	-18,510	-21,424
Translation difference for the year	-	-
Closing balance	-91,834	-73,358
Closing carrying amount	44,603	56,525

NOTE 16 PARTICIPATIONS IN GROUP COMPANIES

SEK 000s	PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022
Accumulated cost		
Opening balance	3,958	3,958
Contributions to subsidiaries	–	–
Closing carrying amount	3,958	3,958

SPECIFICATION OF PARENT COMPANY AND GROUP HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

Group company/Corp. Reg. No./Reg. office/Country	No./ Participa- tions in %	Adjusted equity/ Profit for the year ¹	Carrying amount
RaySearch Americas Inc, Delaware, US	100	49,203/10,601	0
RaySearch Belgium Sprl, 0838.244.504, Brussels, Belgium	99.0 ²	3,242/299	170
RaySearch France SAS, RCS Paris 794 582 841, Paris, France	100	5,890/562	87
RaySearch UK Ltd, 08579149, London, UK	100	2,119/277	0
RaySearch Germany GmbH, HRB 157539, Berlin, Germany	100	4,116/425	228
RaySearch Singapore Pte Ltd, 201508409H, Singapore	100	1,339/–215	1
RaySearch Japan K.K., 6010401124903, Tokyo, Japan	100	2,598/459	801
RaySearch India Private Limited, U74999DL2018FTC342299, New Delhi, India	100	383/77	139
RaySearch Korea LLC., 1101140177029, Seoul, South Korea	100	4,565/1,193	79
RaySearch (Shanghai) Medical Device Co., Ltd 91310115MA1K3M628Y, Shanghai, China	100	6,255/1,944	2,453
RaySearch Australia Pty Ltd, 643 927 511, Sydney, Australia	100	339/129	0
RaySearch Canada Inc, 691016, Saint John, New Brunswick, Canada ³	100	0	0
Total			3,958

¹ Adjusted equity refers to the owned share of the company's equity, including the equity component of untaxed reserves. Profit for the year refers to the ownership share of the company's profit after tax, including the equity share in the change for the year in untaxed reserves.

² RaySearch France SAS owns the remaining 1.0 percent of the Group company.

³ RaySearch Canada Inc is a dormant company.

NOTE 17 FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

This Note provides information about the Group's financial instruments and financial risk management, including:

- a) Financial assets
- b) Financial liabilities
- c) Fair value
- d) Financial risk factors and risk management

A) FINANCIAL ASSETS

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Financial assets measured at amortized cost				
Long-term unbilled customer receivables (note 18.22)	22,195	54,334	1,255	2,693
Other long-term assets (note 22)	1,425	363	4,935	5,817
Billed customer receivables (note 18)	240,101	250,073	136,413	122,963
Unbilled customer receivables (note 18)	143,626	120,496	73,789	46,498
Receivables from Group companies	–	–	101,217	148,959
Cash and cash equivalents (note 20)	343,681	160,268	214,201	79,903
Total financial assets	751,028	585,534	531,810	406,833

B) FINANCIAL LIABILITIES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Financial liabilities measured at amortized cost				
Long-term lease liabilities (Note 10)	431,977	474,079	–	–
Other long-term liabilities	878	743	20,174	22,824
Accounts payable	42,085	24,030	49,437	18,957
Liabilities to Group companies	–	–	20,505	18,989
Current lease liabilities (Note 10)	97,381	81,307	–	–
Accrued expenses	41,716	50,709	30,341	39,105
Total financial liabilities	614,037	630,868	120,457	99,875

In June 2023, the company renegotiated its financing solution with the bank. Accordingly, in addition to cash and cash equivalents of SEK 343.7 M, RaySearch has an overdraft facility of SEK 75.0 M (50.0) of which SEK 0 M (0) had been drawn at the end of the period. The previous undrawn revolving loan facility of SEK 150 M was terminated in conjunction with the increase of the overdraft facility from SEK 50 M to SEK 75 M.

C) FAIR VALUE

Fair value measurement contains a measurement hierarchy for the inputs used to measure fair value. The three levels comprise:

Level 1: Listed prices (unadjusted) in active markets for identical assets or liabilities to which the company has access at the time of measurement.

Level 2: Inputs other than the quoted prices in Level 1, which are directly or indirectly observable for the asset or liability. This may also pertain to input data other than the listed prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and multiples.

Level 3: Non-observable input data for the asset or liability. At this level, the assumptions that market players would use for pricing of the asset or liability, including risk taking, must be taken into account.

For all items under points A) and B), with the exception of lease liabilities, the carrying amount is deemed an approximation of the fair value, which is why these items have not been categorized according to the fair value hierarchy. Since the long-term unbilled receivables are discounted with a variable rate, which is essentially considered to correspond to current market rates, the carrying amounts of unbilled receivables are also considered to correspond to their fair value.

D) FINANCIAL RISK FACTORS AND RISK MANAGEMENT

The Group's main financial liabilities are long and short-term interest-bearing liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's main financial assets include billed and unbilled receivables and cash and cash equivalents.

Through its operations, the RaySearch Group is exposed to a number of financial risks including currency risk, interest rate risk, liquidity risk and credit risk. Risks are managed by the Group's Finance Department, which identifies, evaluates and hedges financial risks. This is carried out in accordance with the Board's established policies for overall risk management and the Group's financial policy, which form a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

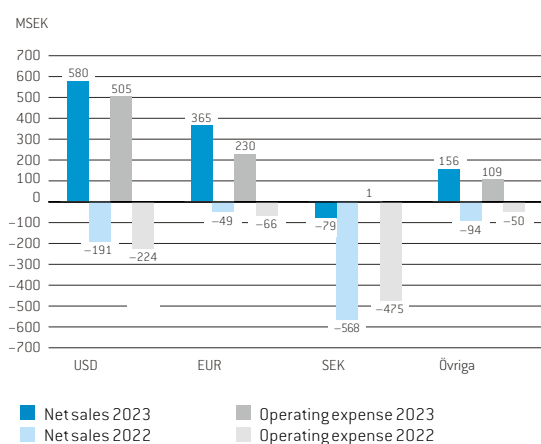
Currency risk

Currency risk is the risk for changes in value due to changes in exchange rates. With its international operations, the Group is exposed to currency risk in form of transaction exposure and translation exposure. Transaction exposure arises through future transactions, and translation exposure through assets and liabilities denominated in a foreign currency.

The RaySearch Group's currency risk is mainly the result of the company receiving most of its revenue in USD and EUR, while most of its costs are in SEK. In accordance with the established financial policy, currency hedging is not applied. The financial policy is updated at least once a year.

Transaction exposure

The Group's net sales and operating expenses per currency are shown in the following diagram:

NET SALES AND OPERATING EXPENSES PER CURRENCY

Operating expenses for 2022 in the table above are updated to include depreciation and amortization of SEK 297 M.

The transaction exposure shows the Parent Company's transactions in foreign currency and the subsidiaries transactions in their respective local currency. Based on the year's revenue, cost and currency structure (transaction exposure), a general change of one percentage point in the SEK exchange rate against other currencies would have an impact of approximately +/- SEK 1.5 M [5.3] on consolidated operating profit. A one percentage point change in the USD to SEK exchange rate would have an

impact of +/- SEK 5.0 M [3.0] on consolidated operating profit, while a corresponding change in the EUR exchange rate would have an impact of +/- SEK 3.6 M [2.3] on consolidated operating profit.

Translation exposure

The Group's translation exposure related to balance-sheet items in foreign currency for the Parent Company and the reporting currency for each subsidiary is mainly distributed between the USD and EUR. Other currencies in the Group include SGD, GBP, CNY, JPY, KRW, INR and AUD.

SEK 000s	2023	2022
USD		
Accounts receivable	146,578	166,646
Current unbilled customer receivables	95,966	69,825
Accounts payable	-15,302	-11,815
Total	227,242	224,656
EUR		
Accounts receivable	73,189	62,833
Current unbilled customer receivables	83,381	35,838
Accounts payable	-8,767	-1,625
Total	147,803	97,046
Other currencies		
Accounts receivable	23,026	12,776
Current unbilled customer receivables	64,126	17,215
Accounts payable	-452	-989
Total	86,699	29,002

Based on the year's receivables, debt and currency structure (translation exposure), a general change of one percentage point in the SEK exchange rate against other currencies would have an impact of approximately +/- SEK 0.4 M [0.2] on consolidated operating profit and +/- SEK 0.5 M [0.1] on consolidated equity. A one percentage point change in the USD to SEK exchange rate would have an impact of +/- SEK 0.9 M [0.4] on consolidated operating profit and +/- SEK 1.4 M [1.9] on consolidated equity. A corresponding change in the EUR exchange rate would have an impact of +/- SEK 1.5 M [1.0] on consolidated operating profit and no impact on consolidated equity.

Interest rate risk

Interest rate risk refers to the risk that changes in interest rates will have a negative impact on RaySearch's results due to, for example, increased costs for the company's variable rate loans. At December 31, 2023, interest-bearing liabilities consisting of lease liabilities amounted to SEK 529.4 M [555.4], and cash and cash equivalents amounted to SEK 343.7 M [160.3]. This means that the Group had interest-bearing net debt of SEK 185.7 M [395.1].

Based on the balance-sheet structure at year-end, and assuming that all other variables were constant, a general change of one percentage point in the interest rate for loans and investments would have an impact of approximately +/- SEK 5.3 M [5.6] on consolidated earnings.

Liquidity risk

Liquidity risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulty in securing external loans. The Group is to regularly monitor its liquidity reserve using rolling

liquidity forecasts to ensure that the Group has sufficient cash and cash equivalents to meet its ongoing business needs, while maintaining a sufficient amount of undrawn credit. Surplus liquidity in Group companies is transferred to Sweden and managed by the Group's financial function in accordance with the established financial policy.

At December 31, 2023, cash and cash equivalents amounted to SEK 343.7 M (160.3), corresponding to 34 percent (19) of net sales. In addition, RaySearch has an overdraft facility totaling SEK 75.0 M (50.0), of which SEK 0 M (0) had been drawn at the end of the period.

Credit risk

Credit risk is the risk that a counterparty will fail to meet its obligations in accordance with a financial instrument or customer contract, which could lead to a financial loss. The Group is exposed to credit risk from its operating activities (mainly customer receivables) and from financing activities, including deposits with banks and financial institutions, currency transactions and other financial instruments.

Credit risk in cash and cash equivalents

In accordance with the established financial policy, RaySearch's surplus liquidity is invested with the objective of maintaining high liquidity with low credit risk. Expected loss provisioning is applied for cash and cash equivalents. No provision was recognized, since the expected credit losses are not considered significant.

Credit risk in receivables

Credit risk in accounts receivable is mainly managed at Group level. In connection with quotations/contract negotiations, the customer's creditworthiness is verified, which affects the customer's ability to meet the terms of any payment plans. The credit risk for a new customer is determined using a rating scale, and individual credit limits are defined on the basis of this assessment.

Regular risk assessments of creditworthiness are carried out by considering the customer's financial position on every occasion. Other influencing factors, such as payment patterns and previous experiences, are also critical for the assessment. For high-value customer deliveries, collateral such as letters of credit, or other types of credit insurance from reputable banks and other financial institutions is used. These may be invoked if the counterparty has outstanding debts under the terms of the agreement.

The Group's credit risks are usually limited since customers' operations are largely financed, either directly or indirectly, with public funds. Credit losses have also been very low historically.

The credit risk for a new customer is determined using external credit ratings, and individual credit limits are defined on the basis of this assessment. Other variables in the assessment of expected credit losses is based on the existence of credit insurance, the customer's historical ability to pay, whether the customer is state or privately funded, the amount and payment terms of the receivable, number of days overdue and the likelihood of a dispute. Details emerging from the specific dialogue with the customer are also taken into account. Finally, other circumstances, such as sanctions and other policy measures, may also determine whether a receivable is deemed uncertain. All of these individual circumstances provide a broad basis for the assessment of future credit losses.

The assessment of expected credit losses is made on an individual basis for almost all receivables. The main selection criterion for this assessment is the amount of the receivable, which means that the largest receivables in the Group's customer base are assessed individually.

Most of the receivables outstanding in the 2023 financial statements were subject to an individual credit assessment, which resulted in impairment of accounts receivable of SEK 1.7 M (6.7) for the year. At the end of the 2023 fiscal year, the provision for expected credit losses was SEK 37.4 M (45.1). For an age analysis of accounts receivable and provisions for expected credit losses, refer to Note 18.

Regarding the credit risk concentration, the Group's receivables from its largest customer correspond to 13 percent of total billed customer receivables of SEK 240 M.

When assessing a credit risk in that part of the customer portfolio that has not been subject to individual assessment, historical credit loss information is the most critical factor for assessment, based on an average loss ratio. The average loss percentage can be adjusted if necessary to meet a change in relation to credit risk, to achieve fair future loss provisioning. The Group's historical credit losses are limited; about 0.7 percent of the Group's sales has been identified as credit losses in the past five years. The general provision for collectively assessed receivables amounts to approximately 2 percent of total customer receivables.

Note 18 below presents an age analysis of the Group's billed receivables and information about the expected payment of unbilled receivables.

NOTE 18 CUSTOMER RECEIVABLES

GROUP, Dec 31, 2023

SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	<30 days	31–90 days	91–365 days	>365 days	
Customer receivables by type							
RaySearch products	168,266	159,054	34,917	16,072	21,610	43,408	443,327
Bad debt provision	–2,445	–3,154	–698	–321	–432	–30,353	–37,405
Total customer receivables by type	165,821	155,899	34,218	15,751	21,178	13,055	405,922
Receivables by geographic market							
Americas	71,119	74,192	8,324	6,869	6,889	38,449	205,842
Asia-Pacific & Middle East	56,045	44,082	2,625	585	7,248	3,621	114,207
Europe and Africa	41,103	40,780	23,967	8,618	7,473	1,338	123,278
Bad debt provision	–2,445	–3,154	–698	–321	–432	–30,353	–37,405
Total receivables by geographic market	165,821	155,899	34,218	15,751	21,178	13,055	405,922

GROUP, Dec 31, 2022

SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	<30 days	31–90 days	91–365 days	>365 days	
Customer receivables by type							
RaySearch products	178,158	148,514	41,575	48,141	14,640	38,953	469,980
Bad debt provision	–3,328	–3,117	–831	–963	–1,502	–35,336	–45,077
Total customer receivables by type	174,830	145,396	40,743	47,178	13,138	3,617	424,903
Receivables by geographic market							
Americas	117,446	73,574	16,870	31,190	9,040	26,801	274,922
Asia-Pacific & Middle East	21,209	47,398	14,277	4,598	3,104	1,036	91,621
Europe and Africa	39,502	27,541	10,428	12,353	2,496	11,116	103,437
Bad debt provision	–3,328	–3,117	–831	–963	–1,502	–35,336	–45,077
Total receivables by geographic market	174,830	145,396	40,743	47,178	13,138	3,617	424,903

PARENT COMPANY, Dec 31, 2023

SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	<30 days	31–90 days	91–365 days	>365 days	
Customer receivables by type							
RaySearch products	76,575	85,530	26,592	9,525	14,721	4,959	217,903
Bad debt provision	–1,531	–1,711	–532	–191	–294	–2,187	–6,445
Total customer receivables by type	75,043	83,820	26,060	9,335	14,427	2,772	211,457
Receivables by geographic market							
Americas	1,664	2,003	–	322	–	–	3,989
APAC	33,808	42,748	2,625	585	7,248	3,621	90,636
Europe and rest of the world	41,103	40,780	23,967	8,618	7,473	1,338	123,278
Bad debt provision	–1,531	–1,711	–532	–191	–294	–2,187	–6,445
Total receivables by geographic market	75,043	83,820	26,060	9,335	14,427	2,772	211,457

PARENT COMPANY, Dec 31, 2022

SEK 000s	Unbilled receivables	Due date structure, billed receivables					Total
		Not overdue	<30 days	31–90 days	91–365 days	>365 days	
Customer receivables by type							
RaySearch products	50,198	75,541	24,705	16,951	5,600	12,152	185,147
Bad debt provision	–1,007	–1,658	–494	–339	–960	–8,535	–12,993
Total customer receivables by type	49,191	73,883	24,211	16,612	4,640	3,617	172,154
Receivables by geographic market							
Americas	1,442	603	–	–	–	–	2,045
APAC	9,429	47,398	14,277	4,598	3,104	1,036	79,841
Europe and rest of the world	39,327	27,540	10,428	12,353	2,496	11,116	103,261
Bad debt provision	–1,007	–1,658	–494	–339	–960	–8,535	–12,993
Total receivables by geographic market	49,191	73,883	24,211	16,612	4,640	3,617	172,154

NOTE 18 CUSTOMER RECEIVABLES, cont'd.

RaySearch has contracts with customers whereby deliveries have long payment terms, which is standard in the industry. The company recognizes customer receivables when delivery has occurred and an unconditional right to consideration exists. The subsequent effect is that the Group's accounts receivable and unbilled customer receivables add up to relatively high amounts compared with net sales.

At the end of the period, the Group's accounts receivable (current billed customer receivables) amounted to SEK 240 M [250], corresponding to 23 percent [30] of net sales in 2023. Total customer receivables amounted to SEK 406 M [425], corresponding to 40 percent [50] of net sales for the year.

UNBILLED RECEIVABLES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Expected date of payment				
Payment within 1–12 months	143,626	120,496	73,789	46,554
Payment after 12 months	22,195	54,334	1,255	2,812
Total unbilled receivables	165,821	174,830	75,044	49,366

The above table is an estimate. The date of payment is partly dependent on the date of installation on the customer's site,

i.e. not the agreed payment dates, but is our best assessment based on historical data.

PROVISION FOR EXPECTED CREDIT LOSSES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Change in provision for expected credit losses				
Opening balance	–45,077	–40,503	–12,993	–16,534
Impairment for the year recognized in administrative expenses	–1,738	–6,676	–1,208	–1,108
Actual credit losses	7,681	5,049	7,681	5,049
Translation difference	1,729	–2,947	75	–401
Closing carrying balance	–37,405	–45,077	–6,446	–12,993

Impairment for the year largely corresponded to provisions for receivables due to specific country risk. The provision for expected credit losses corresponded to 8 percent [10]

of the Group's total receivables. The accounts receivable that were impaired during the reporting period are subject to enforcement actions, which means that debt collection activities are ongoing.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Prepaid rent	2,796	–	19,723	18,717
Prepaid insurance	4,437	15,299	2,901	2,028
Prepaid license and hardware costs	20,199	15,124	15,265	13,376
Prepaid pension costs	3,089	2,709	3,089	2,709
Other prepaid expenses	5,130	22,167	2,842	11,410
	36,651	55,299	43,819	48,240

NOTE 20 SUPPLEMENTARY NOTE ON CASH FLOW

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
The following subcomponents are included in cash and cash equivalents:				
Bank balances	343,681	160,268	214,201	79,903
Closing balance	343,681	160,268	214,201	79,903

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Interest				
Interest received	4,615	506	4,492	452
Interest paid	–9,614	–11,474	–564	–2,316
Interest, net	–4,999	–10,968	3,928	–1,864

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Adjusted for non-cash items from operating activities				
Depreciation, amortization and impairment losses	286,154	296,994	18,736	21,658
P&L effect from bad debt provision	11,344	–6,326	3,002	–1,107
Unrealized exchange-rate differences	3,534	5,435	1,001	11,318
Interest paid/interest received	–207		–207	
Other				
Total	300,825	296,103	22,532	31,869

Cash and cash equivalents consist of bank balances.

NOTE 21 DEFERRED TAX ASSETS AND TAX LIABILITIES

SEK 000s	GROUP	
	Dec 31, 2023	Dec 31, 2022
Deferred tax liabilities for:		
Intangible assets		
Opening balance	106,774	107,642
Change during the year	2,756	–868
Closing balance	109,530	106,774
Leases		
Opening balance	100	142
Change during the year	–100	–42
Closing balance	0	100
Untaxed reserves		
Opening balance	–	–
Change during the year	–	–
Closing balance	–	–
Carrying amount	109,530	106,874
Deferred tax assets related to:		
Tangible assets		
Opening balance	–	–
Change during the year	–	–
Closing balance	–	–
Accounts receivable		
Opening balance	2,677	3,411
Change during the year	–1,608	–734
Closing balance	1,069	2,677
Leases		
Opening balance	1,566	914
Change during the year	455	652
Closing balance	2,021	1,566
Loss carry-forwards		
Opening balance	15,607	17,576
Change during the year	–13,753	–1,969
Closing balance	1,854	15,607
Other temporary differences		
Opening balance	5,748	6,624
Change during the year	–4,965	–876
Closing balance	784	5,748
Carrying amount	5,729	25,598

Valuation is based on the nominal tax rate.

RaySearch recognizes deferred tax assets related to loss carry-forwards. Deferred tax assets are recognized following a thorough assessment to ensure the probability that sufficient taxable profit will be generated in the coming years against which the tax losses can be utilized.

The assessment is based on company management's budget forecasts.

NOTE 22 LONG-TERM RECEIVABLES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Long-term unbilled customer receivables	22,195	54,334	1,255	2,693
Long-term receivables from Group companies	–	–	12,077	–
Other items	1,425	363	4,935	5,817
Closing balance	23,620	54,697	18,267	8,510

Long-term unbilled customer receivables comprise customer receivables that mature more than 12 months after the balance-sheet date.

NOTE 23 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

SEK 000s	GROUP							Dec 31, 2023
	Dec 31, 2022	Remeasurement of leases	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	
Lease liability	555,386	27,131	–56,350	6,253	–1,620	–1,442	–	529,358
Total interest-bearing liabilities	555,386	27,131	–56,350	6,253	–1,620	–1,442	–	529,358

SEK 000s	GROUP							Dec 31, 2022
	Dec 31, 2021	Remeasurement of leases	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	
Lease liability	540,130	44,947	–51,224	13,135	–282	8,680	–	555,386
Current interest-bearing liabilities	21,268	–	–21,268	–	–	–	–	–
Total interest-bearing liabilities	561,398	44,947	–72,492	13,135	–282	8,680	0	555,386

SEK 000s	PARENT COMPANY							Dec 31, 2023
	Dec 31, 2022	Remeasurement of leases	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	
Current interest-bearing liabilities	0	–	–	–	–	–	–	–
Total interest-bearing liabilities	0	–	–	0	–	–	–	0

SEK 000s	PARENT COMPANY							Dec 31, 2022
	Dec 31, 2021	Remeasurement of leases	Cash flows	New leases	Redemption of leases	Translation differences	Borrowing costs	
Current interest-bearing liabilities	21,268	–	–21,268	–	–	–	–	–
Total interest-bearing liabilities	21,268	–	–21,268	–	–	–	–	–

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Social security expenses and vacation pay liability	22,159	34,171	18,334	28,585
Other personnel-related costs	6,702	–	427	–
Contract liabilities	461,140	460,713	268,294	270,094
Other accrued expenses	12,855	16,538	11,580	10,520
Closing balance	502,856	511,423	298,635	309,199

NOTE 25 INVENTORIES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Goods for resale	9,320	14,091	1,387	3,758
Closing balance	9,320	14,091	1,387	3,758

NOTE 26 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK 000s	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Pledged assets				
Chattel mortgages	100,000	100,000	100,000	100,000
Guarantees	32,191	33,007	32,191	33,007
Total	132,191	133,007	132,191	133,007

RaySearch's credit facilities consist of an overdraft facility of SEK 75 M (50) with a term of 12 months, renewable on December 31. The previous undrawn revolving loan facility of SEK 150 M was terminated in conjunction with the increase of the overdraft facility from SEK 50 M to SEK 75 M. Chattel mortgages amounted to SEK 100 M. At December 31, 2023, a total of SEK 0 M (0) of the credit facility had been drawn.

Guarantees amounted to SEK 32.2 M and did not affect the company's credit facility. No contingent liabilities exist for the Group or the Parent Company.

NOTE 27 RELATED PARTIES

For a description of transactions with senior executives, refer to Note 4. CEO Johan Löf is the party with the ultimate controlling interest. The Parent Company has a related-party relationship with its subsidiaries, see Note 16.

SEK 000s	SUMMARY GROUP				
	Sale of goods/ services to related parties	Purchase of goods/ services from related parties	Dividend paid	Receivables from related parties Dec 31	Liabilities to related parties Dec 31
2023					
2022	–	–	–	–	–

SEK 000s	SUMMARY PARENT COMPANY				
	Sale of goods/ services to related parties	Purchase of goods/ services from related parties	Dividend paid	Receivables from related parties Dec 31	Liabilities to related parties Dec 31
2023	205,448	–122,885	–	101,217	20,505
2022	198,062	–98,364	–	148,959	18,989

Sales to related parties pertain primarily to sales of licenses to foreign subsidiaries and purchases from related parties pertain primarily to purchases of services from foreign subsidiaries. Receivables from related parties pertain primarily to receivables from the US subsidiary.

In 2017, RaySearch entered into an agreement with the non-profit association Venture Cup, which organizes an annual competition to inspire entrepreneurship and creativity in business. The CEO, Johan Löf, chairs the association and RaySearch sponsors the competition by contributing SEK 1 M per year in exchange for exposure as a partner in Venture Cup's marketing material. This collaboration and the sponsorship fee amount is based on the arm's length principle and accepted commercial terms.

NOTE 28 SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

In February 2024, RaySearch announced that it had acquired the product DrugLog from Pharmacolog for chemotherapy quality assurance. Under the agreement, RaySearch acquires full ownership of all rights to the product DrugLog for its application in the field of oncology, including the measuring device, calibration parameters and source code as well as intellectual property rights. The purchase consideration for the asset acquisition amounted to SEK 7 M.

NOTE 29**PROPOSED ALLOCATION OF THE PARENT COMPANY'S PROFIT**

The following unrestricted equity in the Parent Company is at the disposal of the AGM:

SEK	
Retained earnings	126,858,312
Profit for the year	58,543,978
Total	185,402,290

The Board proposes that the funds be allocated as follows:

SEK	
Dividend 34,282,773 shares SEK 2.0	68,565,546
To be carried forward	116,836,744
Total	185,402,290

The Board propose that KSEK 116,837 be carried forward.

NOTE 30**RESTATEMENT OF FINANCIAL STATEMENTS**

In this report, it has been noted that the cash flow in comparative figures is incorrect. The error consists of incorrect classification and calculation regarding cash flow attributable to acquisitions of tangible fixed assets and has been adjusted in this report. The correction only affects the classification of cash flows between the different categories and does not

affect the total cash flow for the period. The Group's quarterly overview has also been restated. The income statement and consolidated statement of financial position have not been adjusted. Corrections in cash flow are presented in the tables below.

CASH FLOW GROUP

SEK 000s	2022 Restated	Correction	2022 Recognized
Cash flow from changes in operating liabilities	72,031	-36,120	108,151
Cash flow from operating activities	320,657	-36,120	356,777
Acquisition of tangible fixed assets	-13,395	30,120	-43,515
Cash flow from investing activities	-201,381	30,120	-231,501
Repayment of lease liabilities	-51,224	6,000	-57,224
Cash flow from financing activities	-72,492	6,000	-78,492

CASH FLOW PARENT COMPANY

SEK 000s	2022 Restated	Correction	2022 Recognized
Cash flow from changes in operating receivables	-3,135	15,222	-18,357
Cash flow from operating activities	97,563	15,222	82,341
Increase in long-term liabilities	0	-16,377	16,377
Cash flow from financing activities	-21,268	-16,377	-4,891
Currency effect in cash and cash equivalents	1,155	1,155	0

The undersigned certify that the annual report and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and with generally accepted accounting practices, and give a true and fair view of the financial position and results of the Group and the Parent Company and that the Administration Report provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and results, as well as a fair description of significant risks and uncertainties

faced by the companies included in the Group. The annual report and consolidated financial statements were approved for issue by the Board of Directors on April 26, 2024. The consolidated statement of comprehensive income and consolidated statement of financial position, and the Parent Company income statement and balance sheet will be submitted for adoption by the AGM, which will be held not later than May 22, 2024.

Stockholm, the date specified in our electronic signature

Hans Wigzell
Chairman of the
Board

Johan Löf
CEO and Board member

Carl Filip Bergendal
Board member

Britta Wallgren
Board member

Günther Mårder
Board member

Our audit report was submitted on the date specified
in our electronic signature

Deloitte AB

Kent Åkerlund
Authorized Public Accountant

AUDITOR'S REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF RAYSEARCH LABORATORIES AB (PUBL)
CORPORATE IDENTITY NUMBER 56322-6157

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Raysearch Laboratories AB (publ) for the financial year 2023-01-01 – 2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 33–76 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information

The audit of the annual accounts for the financial year 2022-01-01 – 2022-12-31 has been carried out by another auditor who submitted an audit report dated 2023-04-26 with unmodified statements in the Report on the annual accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue from contracts with customers

Revenue from contracts with customers amount to 1 022 MSEK for 2023. For accounting policies and disclosures, please refer to Note 3.

Raysearch recognizes revenue from licenses and hardware at a point in time and support and training over time depending on when the performance obligations have been fulfilled. If goods or services to customers meets the criteria of being distinct, they are accounted for as a performance obligation separate from other promised goods or services. Revenue is recognized when control of the underlying goods or services for that particular performance obligation is transferred to the customer. Identifying distinct promises (performance obligations) requires management to make significant judgements and estimates that may have a significant impact on the Group's net sales and earnings. We have identified this as a key audit matter since revenue is significant and consist of a large number of smaller transactions where product and services in some cases are bundled into one customer offering. Our audit procedures included, but were not limited to;

- We have mapped and evaluated Raysearch's processes and controls on revenue recognition.
- Audit of a sample of customer contracts to ensure that revenue is recognized in the correct period.
- Audit of a sample of customer contracts by comparing recognized revenue and payments as well as control of accrued revenue and unbilled customer receivables.
- Assessment of the company's accounting principles for revenue recognition from contracts with customers
- Audited completeness of Note 3 in accordance with IFRS.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-21 and 84-98. Other information also consists of the Remuneration Report for financial year 2023 which is published on Raysearch's website the same time as the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of my [our] responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: <https://www.revisorsinspektionen.se/revisornsansvar>. This description forms part of the auditor's report".

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Raysearch Laboratories AB (publ) for the financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of (our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Company AB for the financial year 2023-01-01 – 2023-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Company AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of The Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the

requirements of Chapter 16, Section 4[a] of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Deloitte AB, was appointed auditor of Raysearch Laboratories AB by the general meeting of the shareholders on the 2023-05-25 and has been the company's auditor since 2023-05-25.

Stockholm in accordance with digital signature
Deloitte AB

Signature on Swedish original

Kent Åkerlund
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

THROUGH GOOD CONTROL AND A HEALTHY CORPORATE CULTURE,
RAYSEARCH'S CORPORATE GOVERNANCE SHALL ENSURE SYSTEMATIC RISK
MANAGEMENT AND LONG-TERM VALUE CREATION FOR SHAREHOLDERS.

This Corporate Governance Report was prepared by RaySearch's Board of Directors and describes RaySearch's corporate governance during the 2023 fiscal year. The report has been audited, and the Auditor's opinion can be found at the end of the report. The audit was conducted in accordance with FAR's recommendation RevR 16 The auditor's examination of the corporate governance statement.

GENERAL

RaySearch is a Swedish public limited liability company with its registered office in Stockholm, and the company's Class B shares have been admitted to trading on Nasdaq Stockholm. This means that RaySearch's corporate governance is based on Swedish legislation, primarily the Swedish Companies Act, the Swedish Annual Accounts Act and applicable EU regulations, and the rules and practices that apply to companies listed on Nasdaq Stockholm. RaySearch also applies the Swedish Corporate Governance Code ("the Code"), with the exceptions set out below. The aim of the Code is to build confidence in Swedish listed companies by promoting good corporate governance in these companies. The current Code is available at www.bolagsstyning.se

Companies that apply the Code must take an active position on the company's approach to the various provisions of the Code. If a company chooses to deviate from the Code's provisions, this must be reported in accordance with the "comply or explain" principle. This means that the company does not have to follow every provision of the Code but can choose other solutions deemed more appropriate under the given circumstances, provided the company openly states any such deviation, describes the solution it has chosen instead, and provides a good explanation. The size and complexity of companies applying the Code are varied and for individual companies, solutions other than the Code may also ensure good corporate governance. RaySearch is a relatively small company with a clear majority shareholder who is also active as the CEO of the company. This is the reason why RaySearch has chosen to deviate from some of the Code's provisions.

In addition to the external regulatory framework, there is an internal framework with a number of Group-wide governing documents, of which the most important are the Articles of Association as adopted by the General Meeting, terms of reference for the Board and the Board's instructions for the CEO. In addition, there is a large number of internal policies, instructions and delegations that clarify responsibilities and powers within a number of areas. RaySearch's most important governing documents are gathered in the company's quality management system, which also describes the company's main processes and joint working methods.

GENERAL MEETING

The General Meeting is the company's supreme decision-making body. The date and location of the Annual General Meeting (AGM) is announced in connection with the third-quarter report and is simultaneously published on the company's website. Following motions by the shareholders, the Meeting Chairman as well as the Board of Directors and Chairman of the Board are elected at the AGM for a term of office until the close of the following AGM. The Audit Committee proposes the appointment of an audit firm, unless the duties of the Audit Committee are performed by the Board. The AGM is to be held within six months of the end of the fiscal year to resolve on matters including adoption of the income statement and balance sheet, and the allocation of profit. There are no special provisions regarding the function of the AGM in either the Articles of Association or, to the knowledge of RaySearch, in shareholder agreements. Nor are there any provisions in the Articles of Association regarding the appointment and dismissal of Board members, or amendments to the Articles of Association.

RaySearch may issue two classes of shares: Class A and Class B. RaySearch's Articles of Association do not contain any restrictions on how many votes each shareholder may cast at a general meeting. When voting at General Meetings, holders of Class A shares are entitled to ten votes per share, and holders of Class B shares to one vote per share. At December 31, 2023, the total number of shares in RaySearch was 34,282,773, comprising 7,654,975 Class A and 26,627,798 Class B shares, and the total number of votes was 103,177,548.

Shareholders representing 57.9 percent of the total number of shares, and 77.6 percent of the total number of votes in the company participated in RaySearch's AGM on May 25, 2023. In addition to regular attendance at the venue, shareholders were also offered the opportunity to exercise their voting rights by postal vote prior to the AGM.

AUTHORIZATIONS PROVIDED BY THE ANNUAL GENERAL MEETING

The AGM has not currently authorized the Board to make decisions regarding a new issue of shares or a repurchase of own shares.

NOMINATION COMMITTEE

The company deviates from the rules of the Code by not appointing a Nomination Committee. In view of the shareholders' composition, a Nomination Committee has not been considered necessary. Proposals for, and the required information about, the Chairman of the Meeting, Board members, the Chairman of the Board, audit firms and fees paid to Board members and audit firms, are instead submitted by shareholders and the Board.

BOARD OF DIRECTORS

Under the Articles of Association, RaySearch's Board shall comprise no fewer than three and no more than eight members, with no more than three deputies. The company's Board of Directors is responsible for the company's organization and management of the company's affairs and, together with the CEO and company management, defines and continuously supervises the company's vision, mission and values. The role of the Chairman of the Board includes leading the Board's work and ensuring that the Board of Directors fulfills its duties.

At the AGM on May 25, 2023, five Board members were elected without deputies, including the Chairman of the Board, for the period until the close of the 2024 AGM. Carl Filip Bergendal, Johan Löf (CEO), Günther Mårder, Britta Wallgren and Hans Wigzell were re-elected as Board members and Hans Wigzell was elected as Chairman of the Board. The composition of the Board fulfills the Code's requirements in respect of the independence of Board members, which is presented in the table below.

The Board members are presented on pages 84–85, along with the members' other significant assignments and shareholdings in RaySearch. Once each fiscal year, the Board undertakes an evaluation of its own performance using a systematic and structured process. The evaluation provides a basis for the Board's future work. The Board evaluates the CEO's performance and terms of reference regularly, at least once annually, but in this respect the company deviates from rule 8.2 of the Code's provisions by allowing the CEO to participate in the evaluation. The reason being that the CEO is a Board member, and that the Board believes that the CEO's participation will not have a negative effect on the evaluation. Those shareholders (representing approximately 66 percent of the voting rights in the company) who submitted a proposal for the composition of the Board prior to the 2023 AGM applied rule 4.1 of the Corporate Governance Code as a diversity policy. The aim of the policy is that the Board should be characterized by versatility and breadth in terms of the skills, experience and background of the AGM-elected mem-

bers with consideration for the company's operations, phase of development and otherwise appropriate composition, and strive to achieve an even gender distribution. The current Board of Directors comprises five members, including one woman (20 percent women). The members have a broad mix of professional backgrounds and skills, and represent various sectors of the business community.

THE BOARD'S WORK IN 2023

The Board's work is governed by formal terms of reference that are adopted annually and regulate such issues as the decision-making structure in the company, the Board meeting schedule and the duties of the Chairman. The Board as a whole addresses internal control issues that are its responsibility. In addition, the company's auditor regularly reports their review observations to the Board. The Board held 15 meetings during the year, of which three were held per capsulam. The attendance of the members is presented on page 82.

Considering the size of the Board, it was not deemed necessary to introduce a separate delegation of duties among Board members. During the year, the Board considered the need to establish a Remuneration Committee and an Audit Committee, but found it more appropriate that these tasks be carried out by the Board in its entirety under the leadership of the Chairman. The reason being that the size of the Board and the company is not deemed to motivate special committees for these duties, and that it is important that the Board has full insight into, and takes an active role in, these important tasks.

The Board determines the CEO's remuneration (without the CEO's participation). The remuneration of other senior management is determined following negotiations between the CEO and the individual employees, based on the guidelines adopted by the AGM. Application of the guidelines is monitored and evaluated by the Board, which also evaluates the variable remuneration of senior management.

THE BOARD'S INDEPENDENCE

Name	Position	Independent in relation to the Company and its management	Independent in relation to major shareholders
Carl Filip Bergendal	Board member,	Yes	Yes
Johan Löf	Board member, CEO	No (CEO of the company)	No (is personally such a shareholder)
Britta Wallgren	Board member	Yes	Yes
Hans Wigzell	Board member	Yes	Yes
Günther Mårder	Board member	Yes	Yes

OWNERSHIP STRUCTURE – SHAREHOLDERS WITH AT LEAST 10 PERCENT OF TOTAL VOTES

Name	Class A shares	Class B shares	Total shares	Capital, %	Votes, %
Johan Löf	5,443,084	218,393	5,661,477	16.5	53.0
Anders Brahme	1,150,161	150,000	1,300,161	3.8	11.3
Carl Filip Bergendal	1,021,577	139,920	1,161,497	3.4	10.0
Others	40,153	26,119,485	26,159,638	76.3	25.7
Total	7,654,975	26,627,798	34,282,773	100.0	100.0

ATTENDANCE AT BOARD MEETINGS 2023

Name	Attendance at Board meetings ¹
Carl Filip Bergendal	10/12
Johan Löf	12/12
Britta Wallgren	11/12
Günther Mårder ²	12/12
Hans Wigzell	12/12

¹ Not including percapsulam meetings.

MAJOR DIRECT OR INDIRECT SHAREHOLDINGS

Shareholders with a direct or indirect shareholding in RaySearch who represent at least one-tenth of the votes in the company are presented in the table on the preceding page.

COMPANY MANAGEMENT

RaySearch's CEO leads the operations based on the framework established by the Board and appoints other members of senior management. RaySearch's senior management comprises the company's CEO, Deputy CEO, CFO, General Counsel, Chief Science Officer, Director of Development, Director of Sales and Marketing, Director of Sales and Marketing for Asia-Pacific & Middle East, Director of Service, Head of Machine Learning, Quality and Regulatory Affairs Director, and Global HR Manager.

During the year, business briefings under the CEO's leadership were conducted at least monthly, except during holiday periods when they occurred less frequently.

Company management also meets representatives of the US and European sales and marketing organizations on a regular basis, mainly through the CEO and Director of Sales and Marketing, respectively, to monitor and evaluate the Group's operations in their entirety. Monitoring is based on the Group's annually established targets and budgets, including RaySearch's strategies, long and short-term targets, operational objectives, and competitor analyses. The Board is continuously informed about senior management's monitoring and evaluation measures.

INTERNAL CONTROL AND RISK MANAGEMENT

The role of the Board is to ensure that RaySearch has sound internal control and continuously remains informed of, and evaluates, the effectiveness of the company's internal control system. In view of the company's limited size and operational structure, the Board, in its annual assessment of the possible need for a separate function to review the company's internal financial controls, has concluded that there is no need for an internal audit function.

The control environment underlies all other components of RaySearch's internal control and risk management. In order to create and maintain a functioning control environment for financial reporting, the Board has established a number of basic documents, including terms of reference for the Board and instructions for the CEO. The Board has delegated responsibility for maintaining the Board's control environment framework to the CEO. The Board also determines the authorization instructions that delegate the CEO's authorization responsibilities to other senior executives at RaySearch. The CEO submits regular

reports on the business situation and financial performance in relation to the budget and forecast to the Board and senior management. In addition, reports are also submitted by RaySearch's auditor. The internal control also builds upon a management system based on RaySearch's organization and manner of conducting business with clearly defined roles and areas of responsibility, and delegated authority. RaySearch has also documented the division of responsibilities within the organization through policies and instructions. RaySearch is a process-oriented company and has integrated risk assessment with business processes. RaySearch's senior management regularly assesses risks of material misstatement of the financial statements, as well as other operational risks. Risk management is also incorporated into each process and systematic methods are used to assess and mitigate risks, and to ensure that risks linked to the company's operations are managed in accordance with established regulations, instructions and monitoring procedures.

RaySearch's control structure includes clear roles and an effective delegation of responsibilities aimed at timely identification of the risk of material misstatement of the financial statements. Company management has been tasked with implementing, further developing and maintaining the company's control structure. Process managers at various levels are responsible for the implementation of controls in respect of financial reporting. The preparation and presentation processes include controls of measurements, accounting policies and estimates. RaySearch's CFO plays a key role in this process.

RaySearch has information and communication systems and processes to ensure complete and accurate financial reporting. The relevant employees are regularly informed about changes in accounting policies and reporting requirements or other information. The Board receives regular financial information. External information and communication is governed by RaySearch's communication policy, which describes the company's general principles for information disclosure. The Board and senior management monitor RaySearch's compliance with adopted policies and guidelines. A whistleblowing system is also in place to enable employees and others to report suspected deficiencies in RaySearch's financial reporting, breaches of the company's policies and regulations, or other serious misconduct. RaySearch's financial situation is addressed at all scheduled Board meetings. The Board and management review the financial reporting before Interim and Annual Reports are published. The auditor's duties also include a review of the Group's nine-monthly interim report. On at least one occasion each year the Board of Directors meets the auditor without the attendance of the CEO or any other members of company management when the auditor presents an account, and a discussion is held concerning the audit's focus and observations.

FURTHER INFORMATION

For more information about the Board and the CEO, refer to pages 84–85 and to note 4 in the Annual Report. For more information about the auditors, refer to page 85 and to note 5 in the Annual Report.

Stockholm, the date specified in our electronic signature

Hans Wigzell
Chairman of the Board

Carl Filip Bergendal
Board member

Johan Löf
CEO
and Board member

Britta Wallgren
Board member

Günther Mårder
Board member

AUDITORS REPORT ON THE CORPORATE GOVERNANCE STATEMENT

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN RAYSEARCH LABORATORIES AB (PUBL), CORPORATE IDENTITY NUMBER 556322-6157

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the financial year 2023-01-01 - 2023-12-31 on pages 80-83 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit con-

ducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm in accordance with digital signature

Deloitte AB

Kent Åkerlund
Authorized Public Accountant

BOARD AND AUDITORS



CARL FILIP BERGENDAL

Board member since 2000.

Year of birth: 1945

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and MBA from Stockholm School of Economics.

Professional experience: A number of senior positions in the Modo Group (1972–1980) and the medical technology company Stille-Werner (1980–1987), with the two final years as CEO. Between 1988 and 2018, he worked as a certified process manager in Lots® and in this role provided support for managers in large and mid-size companies undergoing restructuring processes.

Shareholding: 1,021,577 Class A and 139,920 Class B.



JOHAN LÖF

CEO. Board member since 2000.

Year of birth: 1969

Other significant assignments: Several Board assignments for other companies in the RaySearch Group.

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and PhD from the Department of Medical Radiation Physics at the Department of Oncology-Pathology, Karolinska Institute. As a doctoral student, he worked with mathematical models for radiation therapy optimization and also developed the prototype for ORBIT.

Professional experience: CEO of RaySearch since 2000.

Shareholding: 6,243,084 Class A and 18,393 Class B.



BRITTA WALLGREN

Board member since 2018.

Year of birth: 1963

Other significant assignments: Chairman of the Board of Capio St Görans Hospital and Capio Läkargruppen. Board member of the Association of Private Care Providers.

Educational background: Registered medical practitioner, specialist in anesthesiology and intensive care, leadership training in health and medical care at the Stockholm School of Economics and Harvard Business School.

Professional experience: CEO of Capio Sweden since 2017 and member of Group management of Ramsay Santé since February 2019. Business area President and CEO of Capio St Görans Hospital 2009–2017 following several managerial roles at the hospital.

Shareholding: 5,000 Class B shares, and 2,000 Class B shares via related parties.



HANS WIGZELL

Board member since 2004, Chairman since 2022. Professor Emeritus at the Karolinska Institutet in Solna, Sweden.

Year of birth: 1938

Other significant assignments: Chairman of the Board of Rhenman & Partners Asset Management AB. Board member of Sarepta Pharmaceuticals AB, Boston, US, and Wigzellproduktion AB. Chairman of the Stockholm School of Entrepreneurship. Member of the Royal Swedish Academy of Science and the Academy of Engineering Science.

Educational background: Doctor of Medicine, Registered Medical Practitioner.

Professional experience: Dean of Karolinska Institutet, 1995–2003.

Shareholding: 40,000 Class A.



GÜNTHER MÅRDER

Board member since November 2022.

Year of birth: 1982

Other significant assignments: Board member of Spotlight Group, Kunskapsgruppen Sverige (which he also founded), the Swedish Public Employment Service, Lundqvist Trävaru AB and StyrelseAkademien Stockholm. Financial and Industrial Advisor to Beijerinvest and Beijer Ventures and financial advisor to SIBA Invest.

Educational background: MBA from Stockholm School of Economics and additional courses at Harvard University.

Professional experience: CEO of Företagarna 2015–2023. Prior to that, professional experience includes investment economist at Nordnet Bank, Vice Chairman of Better Finance, CEO of Sveriges Aktiesparares Riksförbund and Board member of Aktieinvest FK.

Shareholding: 84,551 Class B shares, and 1,850 Class B shares via related parties.

AUDITOR

Revisionsföretaget Deloitte AB

Kent Åkerlund (auditor-in-charge)

Auditor of RaySearch Laboratories AB

Authorized Public Accountant, Deloitte AB

Year of birth: 1974

Auditor of Addteck AB, Skistar AB, Ejendals Group AB, OX2 AB (publ) and Parks & Resorts Scandinavia AB.

MEET OUR SENIOR MANAGEMENT



FREDRIK LÖFMAN
Head of Machine
Learning

DAVID HEDFORS
Quality and
Regulatory Affairs
Director

PETRA JANSSON
General Counsel

KJELL ERIKSSON
Chief Science Officer

JOHAN LÖF
CEO and founder

BJÖRN HÅRDEMARK
Deputy CEO

RaySearch Laboratories



PETER KEMLIN
Director of Sales
and Marketing

TOVE ALTEBORG
Global HR Manager

LARS JORDEBY
Director of Sales and
Marketing for Asia-
Pacific & Middle East

HENRIK FRIBERGER
Director of
Development

NICLAS BORGLUND
Director of Service

JOHAN LÖF

CEO AND FOUNDER

Member of the Board of RaySearch since 2000.

Year of birth: 1969

Other directorships: Several Board assignments for other companies in the RaySearch Group.

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and PhD from the Department of Medical Radiation Physics at the Department of Oncology-Pathology, Karolinska Institute. As a doctoral student he worked with mathematical models for optimization of radiation therapy and also developed the prototype for ORBIT.

Professional experience: CEO of RaySearch since 2000.

Shareholding: 6,243,084 Class A and 18,393 Class B.

NICLAS BORGLUND

DIRECTOR OF SERVICE

Year of birth: 1971

Educational background: Doctor of Physics from Stockholm University.

Professional experience: Niclas Borglund was appointed Director of Service in 2010. He was employed as project manager in RaySearch's Development Department in 2006. He was previously employed as a technical consultant at Savantic AB, specialized in software development for high-tech projects.

Shareholding: 400 Class B shares.

ANNIKA HENRIKSSON

ACTING CFO

Year of birth: 1969

Educational background: MBA from Uppsala University.

Professional experience: Annika Blondeau Henriksson was appointed acting CFO in July 2023. She has long experience as CFO and similar positions. During the past years she has worked as interim CFO in a number of different branches including listed entities.

Shareholding: 0.

BJÖRN HÅRDEMARK

DEPUTY CHIEF EXECUTIVE OFFICER

Year of birth: 1977

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm. Received an award for academic excellence in 2003.

Professional experience: Björn Hårdemark wrote his thesis at RaySearch in 2002 and has since held positions as Research Engineer, System Developer, Physicist, Head of Physics and Chief Science Officer at the company until taking office as Deputy CEO in 2015. In 2022, he served as Interim CFO from April to November.

Shareholding: 18,000 Class B shares.

LARS JORDEBY

DIRECTOR OF SALES AND MARKETING FOR

ASIA-PACIFIC & MIDDLE EAST

Year of birth: 1965

Professional experience: Lars Jordeby was appointed Director of Sales and Marketing for Asia-Pacific & Middle East in 2014. He has almost 30 years of experience from sales and marketing in the field of radiation therapy in Europe, Asia and North America in companies including Scanditronix Medical AB, IBA Dosimetry AB, C-RAD AB and ScandiDos AB. Lars is also one of the founders and partners of ScandiNova Systems AB.

Shareholding: 1,800 Class B shares.

KJELL ERIKSSON

CHIEF SCIENCE OFFICER

Year of birth: 1973

Educational background: MSc in Engineering Physics from Uppsala University.

Professional experience: Kjell Eriksson was appointed Chief Science Officer in 2015. He was employed as a developer at RaySearch in 2001 and became a research engineer when the R&D department was formed in 2003.

Shareholding: 24,000 Class B shares.

PETER KEMPLIN

DIRECTOR OF SALES AND MARKETING

Year of birth: 1974

Educational background: MSc in Industrial Engineering from Chalmers University of Technology.

Professional experience: Peter Kemlin was appointed Director of Sales and Marketing at RaySearch in 2012. He has extensive experience in medical technology, both as a consultant for Swedish hospitals and from positions in sales and marketing, primarily in radiation therapy. Peter has also served as Trade Commissioner at the Swedish Trade Council.

Shareholding: 300 Class B shares (and 1,098 via related parties).

HENRIK FRIBERGER

DIRECTOR OF DEVELOPMENT

Year of birth: 1971

Educational background: MSc in Electronics from the Royal Institute of Technology in Stockholm.

Professional experience: Henrik Friberger was appointed Director of Development in 2013. He was employed at RaySearch in 2001 and has worked with software development, team and project management and also managed a team in the Development Department. He was previously employed as a software developer at Pacesetter AB (now St Jude Medical AB) in the field of pacemaker systems.

Shareholding: 16,500 Class B shares.

DAVID HEDFORS

QUALITY AND REGULATORY AFFAIRS DIRECTOR

Year of birth: 1976

Educational background: MSc in Engineering Physics from the Royal Institute of Technology in Stockholm.

Professional experience: David Hedfors was appointed Quality and Regulatory Affairs Director in 2010. He was employed as a developer at RaySearch in 2002 and has also worked as team and project manager.

Shareholding: 1,000 Class B shares.

FREDRIK LÖFMAN

HEAD OF MACHINE LEARNING

Year of birth: 1978

Educational background: MSc in Engineering Physics from Chalmers University of Technology, MSc in Physics from Imperial College and PhD in Applied Mathematics in radiation therapy optimization from the Royal Institute of Technology in Stockholm.

Professional experience: Fredrik Löfman did his Ph.D. at RaySearch 2003–2008, after that he worked as a research engineer, developer and project manager of RayStation. Between 2011 and 2017, Fredrik worked at SEB with financial risk modeling. Fredrik re-joined RaySearch in 2017 to start and build up a machine learning department.

Shareholding: 1,400 Class B shares.

PETRA JANSSON

GENERAL COUNSEL

Year of birth: 1973

Educational background: Law degree and LL.M. from Lund University, and Master of Laws from University of Cambridge.

Professional experience: Petra Jansson was appointed General Counsel in 2017. Her previous positions include General Counsel, Head of Compliance and International Relations at EKN, assistant General Counsel at Gambro and lawyer at Mannheimer Swartling.

Shareholding: 1,000 Class B shares.

TOVE ALTEBORG

GLOBAL HR MANAGER

Year of birth: 1980

Educational background: MSc in Business Administration and Economics from Stockholm School of Economics.

Professional experience: Tove Alteborg was appointed Global HR Manager in July 2023. Tove has 15 years of experience from a variety of HR roles. Her previous positions include interim CHRO at Skandia, HR Business Partner at Danske Bank and HR Manager at Scania Financial Services.

Shareholding: 0.

SHARES AND OWNERSHIP

NUMBER OF SHARES AND SHARE CAPITAL

At December 31, 2023, the total number of registered shares in RaySearch was 34,282,773, of which 7,654,975 were Class A and 26,627,798 Class B. The quotient value was SEK 0.50 and the company's share capital amounted to SEK 17,141,386. All shares carry equal rights to the company's assets and profit. Holders of Class A shares are entitled to ten votes per share, and holders of Class B shares are entitled to one vote per share, at the Annual General Meeting. At December 31, 2023, the total number of votes in the company was 103,177,584. All shareholders who are entitled to vote at the Annual General Meeting may vote for the full number of shares owned or represented by them, with no restrictions on voting rights. The proportion of foreign owners' shareholdings in RaySearch increased from 37.82 percent at December 31, 2022 to 40.3 percent at December 31, 2023. The number of shareholders increased and at December 31, 2023 was 8,199 [7,165].

OWNERSHIP STRUCTURE – SHAREHOLDER CATEGORIES,

%	Capital	Votes
Foreign shareholders	40.31	13.39
Swedish shareholders	59.69	86.61
<i>of which institutions</i>	<i>20.84</i>	<i>6.93</i>
<i>individuals</i>	<i>38.85</i>	<i>79.68</i>

STATEMENT FROM SOME OF THE PRINCIPAL SHAREHOLDERS

The aim of the principal owners – Johan Löf, Anders Brahme and Carl Filip Bergendal – is to remain significant long-term shareholders of RaySearch.

SHAREHOLDER AGREEMENTS

As far as the Board of Directors of RaySearch is aware, there are no shareholder agreements for either Class A or Class B shares.

OWNERSHIP STRUCTURE – 10 LARGEST SHAREHOLDERS AT DEC 31, 2023

Name	Class A shares	Class B shares	Total shares	Capital, %	Votes, %
Johan Löf	5,443,084	218,393	5,661,477	16.5	53.0
Northern Trust Company, London Branch	0	2,851,392	2,851,392	8.3	2.8
BNP Paribas Sa Paris, W8IMY (GC)	0	2,360,807	2,360,807	6.9	2.3
The Bank of New York Mellon Sa/Nv, W8Imy	0	2,049,407	2,049,407	6.0	2.0
Swedbank Robur Ny Teknik	0	1,800,000	1,800,000	5.3	1.7
Anders Brahme	1,150,161	150,000	1,300,161	3.8	11.3
Second AP Fund	0	1,220,942	1,220,942	3.6	1.2
State Street Bank and Trust Co, W9	0	1,206,563	1,206,563	3.5	1.2
Carl Filip Bergendal	1,021,577	139,920	1,161,497	3.4	10.0
Jp Morgan Chase Bank Na, W9	0	1,015,754	1,015,754	3.0	1.0
Total, 10 largest shareholders	7,614,822	13,013,178	20,628,000	60.2	86.4
Others	40,153	13,614,620	13,654,773	39.8	13.6
Total	7,654,975	26,627,798	34,282,773	100.0	100.0

OWNERSHIP STRUCTURE – SIZE OF HOLDING AT DEC 31, 2023

Holding	No. of shareholders	No. of Class A shares	No. of Class B shares	Capital, %	Votes, %
1–500	6,719	153	772,266	2.25	0.75
501–1 000	642	0	516,789	1.51	0.50
1,001–5,000	623	0	1,415,919	4.13	1.37
5,001–10,000	83	0	621,038	1.81	0.60
10,001–15,000	26	0	316,404	0.92	0.32
15,001–20,000	24	0	427,462	1.25	0.41
20,001–	82	7,654,822	22,557,920	88.13	96.05
Total	8,199	7,654,975	26,627,798	100.0	100.0

LISTING ON NASDAQ STOCKHOLM

RaySearch's share has been listed on Nasdaq Stockholm since 2003. On January 4, 2016, RaySearch was moved to the Mid Cap segment following Nasdaq's annual review of Nordic market capitalization segments.

SHARE TRADING AND SHARE PRICE TREND

In 2023, a total of 18.1 million (15.1) RaySearch shares were traded at a value of SEK 1,401 M (840). This corresponds to an average price of SEK 77.4 (55.7). The highest price paid in 2023 was SEK 99.0 on November 20. The lowest price paid during the same period was SEK 57.1 on July 7. On the last trading day of the year, December 29, the closing price was SEK 90.3 (68.0). In 2023, RaySearch's share price rose 33 percent (23),

while the OMXS30 increased 17 percent (declined 16). At December 31, RaySearch's market capitalization was SEK 3,096 M (2,331). In this calculation, Class A shares, which are not listed on the stock exchange, were assigned the same value as the listed Class B shares.

OPTIONS PROGRAMS

RaySearch currently has no options programs outstanding.

DIVIDEND POLICY

The Board of Directors' objective is to propose an annual dividend to shareholders of 20 to 30 percent, provided that a sound capital structure can be maintained.

CHANGES IN SHARE CAPITAL OF RAYSEARCH

Year	Transaction	Quotient value, SEK	Change in no. of shares	Increase in share capital	No. of Class A shares	No. of Class B shares	Total no. of shares	Total share capital, SEK
2005	Opening balance	1.5			4,237,604	6,275,457	10,513,061	15,769,591.50
	Non-cash issue (B)		914,530	1,371,795	4,237,604	7,189,987	11,427,591	17,141,386.50
	Reclassification 2005				-24,596	24,596		
	Closing balance	1.5			4,213,008	7,214,583	11,427,591	17,141,386.50
2006	Reclassification 2006				-100	100		
	Closing balance	1.5			4,212,908	7,214,683	11,427,591	17,141,386.50
2008	3:1 share split, 2008		22,855,182		8,425,816	14,429,366		
	Closing balance	0.5			12,638,724	21,644,049	34,282,773	17,141,386.50
2009	Reclassification 2009				-252,756	252,756		
	Closing balance	0.5			12,385,968	21,896,805	34,282,773	17,141,386.50
2011	Reclassification 2011				-1,061,577	1,061,577		
	Closing balance	0.5			11,324,391	22,958,382	34,282,773	17,141,386.50
2015	Reclassification 2015				-1,061,577	1,061,577		
	Closing balance	0.5			10,262,814	24,019,959	34,282,773	17,141,386.50
2016	Reclassification 2016				-1,567,839	1,567,839		
	Closing balance	0.5			8,694,975	25,587,798	34,282,773	17,141,386.50
2017	Reclassification 2017				-40,000	40,000		
	Closing balance	0.5			8,654,975	25,627,798	34,282,773	17,141,386.50
2018	Reclassification 2018				-200,000	200,000		
	Closing balance	0.5			8,454,975	25,827,798	34,282,773	17,141,386.50
2023	Reclassification 2023				-800,000	800,000		
	Closing balance	0.5			7,654,975	26,627,798	34,282,773	17,141,386.50

SHAREHOLDER REGISTER, COMPLETE – RAYSEARCH LABORATORIES AB (PUBL) AT DEC 31, 2023 – LARGEST SHAREHOLDER COUNTRIES

Name	No. of shareholders	Shareholders, %	Holding	Holding, %	Votes	Votes, %	Market capitalization, KSEK
Domiciled in Sweden	6,839	95.45	21,316,233	62.18	97,411,008	88.25	874,566
Rest of the world	326	4.50	12,966,540	37.82	12,966,540	11.75	881,724
Total Dec 31, 2023	7,165	100.00	34,282,773	100.00	110,377,548	100.00	1,756,290

SHAREHOLDER REGISTER, COMPLETE – RAYSEARCH LABORATORIES AB (PUBL) AT DEC 31, 2023 – LEGAL-NATURAL PERSONS

Name	No. of shareholders	Shareholders, %	Holding	Holding, %	Votes	Votes, %	Market capitalization, KSEK
Natural persons	6,730	93.93	14,320,799	41.77	90,415,547	81.91	398,876
of whom domiciled in Sweden	6,674	93.15	14,286,528	41.67	90,381,276	81.88	396,546
Legal persons	435	6.07	19,961,974	58.23	19,962,001	18.09	1,357,414
of whom domiciled in Sweden	165	2.30	7,029,705	20.51	7,029,732	6.37	478,020
Total Dec 31, 2023	7,165	100	34,282,773	100	110,377,548	100	1,756,290
 of whom domiciled in Sweden	6,839	95.45	21,316,233	62.18	97,411,008	88.25	874,566

MULTI-YEAR OVERVIEW – KEY FIGURES

KEY FIGURES AND CONDENSED FINANCIAL DATA

The summary shows how the core business developed between 2014–2023 and was prepared in accordance with IFRS.

GROUP	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Income statement										
Net sales, SEK M	1,022.2	843.6	641.7	648.8	717.7	627.2	585.1	531.5	397.6	285.2
Sales growth, %	21.2	31.5	–1.1	–9.6	14.4	7.2	10.1	33.7	39.4	39.5
Operating profit/loss, SEK M	114.9	42.7	–53.3	–6.3	44.3	94.5	159.7	199.6	95.3	79.4
Operating margin, %	11.2	5.1	–8.3	–1.0	6.2	15.1	27.3	37.5	24.0	27.8
Equity/assets ratio, %	37.7	35.0	36.0	52.2	54.1	59.5	63.4	64.2	65.9	64.5
Capital employed, SEK M	1,265.5	1,213.3	1,190.6	819.7	881.3	789.0	664.2	521.7	357.7	292.6
Return on capital employed ² , %	9.7	3.6	–5.2	–0.7	5.3	13.0	27.3	45.4	29.4	32.6
Equity, SEK M	735.2	657.2	628.3	673.4	686.7	657.5	580.4	460.2	319.5	251.5
Return on equity ² , %	11.7	3.7	–7.5	–1.7	4.6	12.7	22.6	38.8	24.6	26.7
Interest-bearing liabilities, SEK M	529.4	555.4	561.4	146.3	170.7	131.5	83.8	61.5	38.2	41.1
Net debt, SEK M	185.7	395.0	459.7	–22.4	56.8	19.3	–20.4	–26.2	–21.5	–15.0
Debt/equity ratio	0.3	0.6	0.7	0.0	0.1	0.0	0.0	–0.2	–0.1	–0.1
EBITDA, SEK M	401.0	339.7	196.8	207.5	226.8	208.3	231.0	266.9	151.8	137.6
Net debt/EBITDA	0.5	1.2	2.3	–0.1	0.2	0.1	–0.1	–0.1	–0.1	–0.1
Per share data										
Earnings/loss per share before dilution, SEK	2.38	0.69	–1.38	–0.33	0.92	2.29	3.43	4.42	2.05	1.75
Earnings/loss per share after dilution, SEK	2.38	0.69	–1.38	–0.33	0.92	2.29	3.43	4.42	2.05	1.75
Equity per share, SEK	21.45	19.17	18.33	19.64	20.03	19.18	16.93	13.42	9.32	7.34
Cash flow from operating activities per share, SEK	13.30	9.35	6.95	9.59	8.64	5.21	4.30	3.53	3.25	1.47
Dividend per share, SEK	2.0	. ¹	. ¹	. ¹	. ¹	–	–	–	0.25	–
Share price at year-end, SEK	90.3	68.0	82.7	82.7	107.2	96.5	171.0	184.5	122.5	53.0
P/E ratio	38.0	98.6	–59.9	–312.2	72.9	42.1	49.8	41.8	59.8	30.4
Other										
Number of shares outstanding before dilution	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283
Number of shares outstanding after dilution	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283	34,283
Average no. of employees	376	382	418	394	331	283	228	184	157	126

¹ According to the Board's proposal.

DEFINITIONS OF KEY FIGURES

The Annual Report refers to a number of non-IFRS measures that are used to provide investors and company management with additional information to assess the company's operations. The various non-IFRS measures used to complement the IFRS financial statements are described below.

Non-IFRS measure	Definition	Reason for using the measure
Return on equity	Profit after tax, as a percentage of average equity	Shows the return generated on the owners' invested capital from a shareholder perspective
Return on capital employed	Operating profit plus financial income expressed as a percentage of average total assets, excluding non-interest-bearing liabilities	A central measure for measuring the return on all tied-up working capital
Gross profit/loss	Net sales minus cost of goods sold	Gross profit is used to measure the margin before sales, research, development and administrative expenses
EBITDA	Profit before depreciation/amortization and impairment	Relevant as a measure of the company's ability to generate cash flow before capital tied up in operations and financial flows
Equity per share	Equity divided by number of shares outstanding at the end of the period	Shows the return generated on the owners' invested capital per share from a shareholder perspective
Cash flow from operating activities per share	Cash flow from operating activities divided by average number of shares during the period	Shows the cash flow generated by operating activities per share
Net margin	Profit after tax, as a percentage of net sales	The net margin shows the percentage of net sales remaining after the company's expenses have been deducted
Net sales/Order intake	Recognized net sales in relation to total order intake during the corresponding period	The measure is used to monitor the recognized revenue in relation to sales, which is part of the reason for the change in order backlog
Net debt	Interest-bearing liabilities less cash and cash equivalents and interest-bearing current and long-term receivables	This measure shows the Group's total indebtedness
Net debt/EBITDA	Net debt in relation to operating profit before depreciation and amortization	A relevant measure from a credit perspective that shows the company's ability to handle its debt
Sales growth	The change in net sales compared with the year-earlier period expressed as a percentage	The measure is used to track the performance of the company's operations between periods
Order intake	The value of all orders received and changes to existing orders (performance obligations) in the order backlog that the company has not delivered during the period	Order intake is an indicator of future revenue and thus a key figure for the management of RaySearch's operations
Organic sales growth	Sales growth adjusted for currency effects	This measure is used to monitor underlying sales growth driven by changes in volume, pricing and mix for comparable units between different periods
P/E ratio	Share price at year-end divided by earnings per share	Shows how the market values the share from a shareholder perspective in relation to the company's recognized profit after tax
Interest-bearing liabilities	Liabilities requiring the payment of interest	Shows the actual interest-bearing debt burden
Working capital	Working capital comprises inventories, operating receivables and operating liabilities, and is obtained from the statement of financial position. Operating receivables comprise accounts receivable, other current/long-term receivables and non-interest bearing prepaid expenses and accrued income. Operating liabilities include other non-interest bearing long-term liabilities, advance payments from customers, accounts payable, other current liabilities and non-interest bearing accrued expenses and deferred income.	This measure shows how much working capital is tied up in operations and can be shown in relation to net sales to demonstrate the efficiency with which working capital has been used
Operating margin	Operating profit expressed as a percentage of net sales	Together with sales growth, the operating margin is a key element for monitoring value creation
Operating profit	Operating profit before financial items and tax	Operating profit provides an overall picture of the total generation of earnings in operating activities
Debt/equity ratio	Net debt in relation to equity	The measure shows financial risk and is used by management to monitor the Group's indebtedness
Equity/assets ratio	Equity expressed as a percentage of total assets at the end of the period	This is a standard measure to show financial risk, and is expressed as the percentage of the total restricted equity financed by the owners
Equity/assets ratio and Net debt (without IFRS 16)	Equity/assets ratio and net debt adjusted for right-of-use assets and lease liabilities	Shows measurements made according to IAS 17 instead of IFRS 16 for comparability with earlier periods.
Capital employed	Total assets less non-interest-bearing liabilities and deferred tax liabilities	This measure shows how much capital is used in the business and is therefore one of two components for measuring return from the operations
Rolling 12 months' sales, operating profit or other results	Sales, operating profit or other results measured over the past 12-month period	This measure is used to more clearly illustrate the trends for sales, operating profit and other results, which is relevant because RaySearch's revenue is subject to monthly variations
Dividend per share	Dividend divided by number of shares outstanding at year-end	Shows the direct return generated from a shareholder perspective

**CALCULATION OF NON-IFRS FINANCIAL
MEASURES, AMOUNTS IN SEK 000S**

	Dec 31, 2023	Dec 31, 2022
Working capital		
Accounts receivable (current billed customer receivables)	240,101	250,073
Current unbilled customer receivables	143,626	120,496
Long-term unbilled customer receivables	22,195	54,697
Inventories	9,320	14,091
Other current receivables (excl. tax)	53,716	71,711
Accounts payable	-42,085	-24,030
Other non-interest bearing current liabilities (excl. tax)	-530,097	-526,781
Working capital	-103,224	-39,743

	Dec 31, 2023	Dec 31, 2022
Net debt		
Current lease liabilities	97,381	81,307
Long-term lease liabilities	431,977	474,079
Other long-term liabilities	-	-
Cash and cash equivalents	-343,681	-160,268
Net debt	185,677	395,118

	2023	2022
Debt/equity ratio		
Net debt	185,677	395,118
Equity	735,232	657,156
Debt/equity ratio	0.25	0.60

	Dec 31, 2023	Dec 31, 2022
Equity/assets ratio		
Equity	735,232	657,156
Total assets	1,952,666	1,875,950
Equity/assets ratio	37.7%	35.0%

	2023	2022
EBITDA		
Operating profit	114,880	42,744
Amortization and depreciation	286,154	296,994
EBITDA	401,034	339,738

	2023	2022
Change in organic sales at unchanged currencies (organic growth)		
Net sales for the year	1,022,159	843,648
Currency adjustment	-63,476	-90,059
Adjusted net sales	958,683	753,589
Net sales, preceding year	843,648	641,673
Change in organic sales	13.6%	17.4%

	2023	2022
Operating profit adjusted for currency translation effects		
Operating profit	114,880	42,744
Exchange-rate gains	-19,257	-33,053
Exchange-rate losses	26,856	20,616
Operating profit adjusted for currency translation effects	122,479	30,307

	2023	2022
Return on equity		
Profit for the period	81,572	23,778
Average equity	696,194	642,734
Return on equity	11.7%	3.7%

	2023	2022
Capital employed		
Total assets	1,952,666	1,875,950
Current interest-bearing liabilities	-577,668	-555,791
Deferred tax liabilities	-109,530	-106,874
Capital employed	1,265,468	1,213,285

	2023	2022
Return on capital employed, %		
Operating profit	114,880	42,744
Financial income	4,904	1,109
Average capital employed	1,239,377	1,201,943
Capital employed	9.7%	3.6%

FINANCIAL CALENDAR

INTERIM REPORT, Q1

Interim report, first quarter
January 1-March 31, published
May 17, 2024

2024 ANNUAL GENERAL MEETING

The 2024 Annual General
Meeting for RaySearch
Laboratories AB (publ) will be
held on May 22, 2024

INTERIM REPORT, Q2

Interim report, second quarter
April 1-June 30, published
August 16, 2024

INTERIM REPORT, Q3

Interim report, third quarter
July 1-September 30, published
November 8, 2024

For more information:
IR@raysearchlabs.com

Head office
RaySearch Laboratories AB (publ)
Eugeniavägen 18C
SE-113 68 Stockholm, Sweden
Tel: +46 (0)8 510 530 00
raysearchlabs.com
Corp. Reg. No. 556322-6157

Text and production: Narva Communications AB in collaboration with RaySearch. Print: Ätta45 in April 2024.

ADVANCING CANCER TREATMENT

©RAYSEARCH LABORATORIES AB (PUBL)
Eugeniavägen 18C, SE-113 68 Stockholm, Sweden
Tel: +46 (0)8 510 530 00
raysearchlabs.com